

Class No.....

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SECRET.

CONTENTS.

Notes of Meeting held at the Treasury	..	6th July, 1921	..	(Paper No. E (R), 1st Meeting)
" " " "	..	13th July, 1921	..	(Paper No. E (R), 2nd Meeting)
Notes of Meeting held at the Colonial Office		3rd August, 1921	..	(Paper No. E/D 1)
Notes of Meeting held at the Foreign Office		3rd August, 1921	..	(Paper No. E/D 2)
Notes of Meeting held at the Colonial Office		8th July, 1921	..	(Paper E (S.C.), 1st Meeting)
" " " "		13th July, 1921	..	(Paper E (S.C.), 2nd Meeting)
" " " "		14th July, 1921	..	(Paper E (S.C.), 3rd Meeting)
" " " "		15th July, 1921	..	(Paper E (S.C.), 4th Meeting)
" " " "		15th July, 1921	..	(Paper E (S.C.), 5th Meeting)
" " " "		18th July, 1921	..	(Paper E (S.C.), 6th Meeting)
" " " "		29th July, 1921	..	(Paper E (S.C.), 7th Meeting)

Subject Index to the above Meetings, at end of Volume.

SECRET.

E (R). 1st Meeting.

105

STENOGRAPHIC NOTES OF A MEETING OF REPRESENTATIVES OF THE UNITED KINGDOM,
THE DOMINIONS AND INDIA, HELD IN THE BOARD ROOM, TREASURY, ON WEDNESDAY.
JULY 6, 1921. AT 11 A.M.

Present :

The Right Hon. Sir ROBERT HORNE, G.B.E., K.C., M.P., Chancellor of the
Exchequer (*in the Chair*).

The Right Hon. Sir L. WORTHINGTON-
EVANS, Bart., M.P., Secretary of State
for War.

The Right Hon. A. MEIGHEN, K.C.,
Prime Minister of Canada.

The Right Hon. W. M. HUGHES, K.C.,
Prime Minister of Australia.

The Right Hon. W. F. MASSEY, Prime
Minister of New Zealand.

The Hon. Sir THOMAS SMARTT, K.C.M.G.,
Minister of Agriculture, Union of
South Africa.

The Right Hon. E. S. MONTAGU, M.P.,
Secretary of State for India.

His Highness the MAHARAO OF CUTCH.
G.C.S.I., G.C.I.E.

The Hon. SRINIVASA-SASTRI.

The following were also present:

Mr. L. C. CHRISTIE, Legal Adviser to
The Department of External Affairs,
Canada.

Mr. G. H. MITCHELL, Canadian High
Commissioner's Office.

Sir HENRY LAMBERT, K.C.M.G., C.B.,
Colonial Office.

Mr. A. L. SAUNDERS, C.S.I., Financial
Department, India Office

Mr. P. J. GRIGG, Treasury.

Sir B. P. BLACKETT, K.C.B., Controller
of Finance, Treasury.

Mr. H. E. FASS, Treasury.

Sir ALFRED WATSON, K.C.B., Govern-
ment Actuary.

Mr. R. W. STURGEON, Government
Actuary's Department.

Sir VICTOR WARRENDER.

Secretariat:

United Kingdom.

Colonel S. H. WILSON, C.B., C.M.G.
Mr. R. B. HOWORTH.

Australia.

Mr. M. O. SHEPHERD.

India.

Mr. G. S. BAJPAI.

Sir Robert Horne: We will now begin and see what we can do until Mr Hughes comes.

I will just explain that we claimed on behalf of the Empire something like 1,600,000,000*l.* In point of fact what has been awarded to us, if I may so put it, comes out at something like 1,400,000,000*l.* That is the figure in this document at any rate. Our claim was made up of a variety of items; pensions, separation allowances, shipping losses and non-maritime losses. Over and above those there is a matter which we shall have to deal with to-day, and that is the amount which is to be credited to us for the upkeep of the army of occupation, which raises a difficult question in connection with Australia, perhaps not a difficult question, but one which we shall have to settle.

(At this point Mr Hughes entered.)

Claims in Respect of Pensions.

I propose that we should deal first of all with the question of the proportion in respect of pensions, afterwards we will take separation allowances, then shipping losses, and then the only remaining question will be that concerned with the amount to be credited respectively for the maintenance of the armies of occupation.

Mr Massey: I think you had better tell us the total amount first.

Sir Robert Horne: The total amount of pensions which we asked for was something like 900,000,000*l.*

Sir Thomas Smartt: In order to be clear, I presume that all comes out of the 6,300,000,000*l.* which I believe was the amount agreed to at the last meeting in connection with reparations, that is the total indemnity that the Allies were to get?

Sir Robert Horne: 6,300,000,000*l.* is the total amount for the Allies. For the British Empire it works out roughly to about 1,452,000,000*l.*, which is 22 per cent. of the total. Our claims were made up upon a computation of what each part of the Empire would be entitled to in respect of these various items, pensions, separation allowances, and so on. I will come to that later and just say now that it does not very much matter, or may not very much matter, what was the basis of our computation in putting forward the original claim. What really matters now is how we should divide what is assumed to be about to be paid in the process of time.

Sir Thomas Smartt: That is the 22 per cent ?

Sir Robert Horne: Yes; that we should divide that amount according to the proportions which we agree upon. What was discovered was this. Let me take the case of pensions first. I think we can deal with that separately and then go to the others. At the time we put forward the claim it was practically known what was the British liability in respect of pensions. There was no actual account available of the amount of the liability of each of the other parts of the Empire.

Mr. Hughes: When was this?

Sir Robert Horne: February of this year. But there was put in as near an estimate as could be made, and as it turned out the total was very nearly right—I think it probably is right. When the final figures were got it was plain that certain adjustments had to be made. I will take an illustration. Canada's liability turned out upon her own figures to be less than that at which it had been originally assessed in arriving at the total. On the other hand, I think Australia's liability turned out to be slightly more than had been estimated at the time when the original computation was made.

Mr. Meighen: Is that in respect of pensions?

Sir Robert Horne: Yes. I am dealing now only with pensions, as it forms a good illustration of some of the other things, and I thought we could deal with it by itself to start off with. You can do one of two things, as I think: you can either correct the original computation by the facts that have since been discovered and bring the original figures into consistency with the accounts, as they have now been seen; or you may proceed in another way and take the actual capitalised liability of the various portions of the whole and divide up the amount of the reparation money which is paid to us in accordance with the proportion of the actual liability of each portion of the Empire.

Mr. Meighen: Do you mean the actual pensions liability?

Sir Robert Horne: Yes, the actual pensions liability capitalised. I will show you in figures in a moment what the difference is. Roughly, these are the two things in principle. On the first basis what was done was this. Under the Treaty we were entitled to be paid not upon the scale of pensions which any of us might happen to have arranged, but upon a scale which France had. That really was the basis. In point of fact none of us are paying actually upon the French scale. We are all paying more than the French scale, with the exception of India. The theory of the original computation was, taking the French scale and applying it to each part of the Empire separately. If you take that you accordingly reduce the amount which each person is to get to a common denominator, you assume they are all paying upon the French scale, although we shall have to make an adjustment in regard to India.

Sir Thomas Smartt. The Indian pensions are less, I understand?

Sir Robert Horne: I think so.

Mr. Massey: They are the pensions that are proposed to be paid to the soldiers, are they not?

Sir Thomas Smartt: No, I do not think so.

Mr. Massey: I think they ought to be.

Sir Robert Horne: I have no doubt the French scale did make a differentiation between different grades of soldiers, but we are not in that intricacy at the moment at all. We are taking the thing on a wide view, that you took the French scale as a whole, looked at the number of your armies, and assessed the amount which on the French scale you would probably be liable to pay. That is how the original computation was arrived at. You could proceed upon that basis if you liked and then correct the amounts that were put in for the separate parts of the Empire by the figures as now ascertained, making a further correction for India in the respect that she is not even paying up to that scale, and, therefore, that she should not take out more than she has actually paid. That is one way of doing it, and that is following the basis of the Treaty. On the other hand, it really does not matter amongst ourselves whether we follow the Treaty or not. The Treaty gives us a lump sum, and instead of dividing it upon that basis, we can if we choose apportion it amongst the various parts of the Empire on the footing of saying, "Well, now we have ascertained, each of us, our capital liability in respect of pensions, and we shall apportion it upon the basis of the ratio that the various liabilities have to each other." Those are the two main features. I can now show you from the tables how these two theories would work out.

Mr. Hughes: May I ask, first of all, if there is any definition of this category "Pensions"? Is a pension that which is ordinarily so-called, or does it include allowances and those other payments, which, I believe, are being made by all the Dominions and, I think, by Britain? For example, for Australia's 10*l.* paid in pensions last year she paid 20*l.* by way of allowances and under other heads.

Definition of Pensions.

Sir Robert Horne: You mean for land settlement and that sort of thing?

Mr. Hughes. For soldiers, yes.

Sir Robert Horne: I do not think it includes any of those things. I do not think any claim was made in respect of these adventitious aids, so to speak. It was purely upon a pension basis.

Mr. Hughes: I was a member of the Reparation Committee. Assuming that the Treaty did not adopt the whole of the recommendation of the Committee. When the Committee considered what might be paid under the category of "pensions," it was regarded as a generic term, under which might be grouped all the sub-headings to which I have referred. To the soldier or to his dependents it makes no difference whether the money received is called a pension or allowance or anything else. It is paid to him to enable him to rehabilitate or to maintain himself. I am bound to say that, although I did not agree with my colleagues entirely (Lord Sumner and Lord Cunliffe) as to the exclusion of certain categories, that I was always under this impression. And in making up our estimates, while we did not include land settlements because we could not then foresee what has since been done in this direction, we did contemplate those charges for which we have now undertaken responsibility and have statutory warrant for, such as allowances and other things.

*French Scale
the Basis of
Calculation.*

Sir Robert Horne: I will tell you why I think that is ruled out of this discussion. The ultimate arrangement made under the Treaty was the French scale. That is the only basis we have, and the amount of our reparation is computed upon the basis of the French scale. We divide it amongst ourselves when we get it. Accordingly, nothing is in the computation as to what we are entitled to get except upon the basis of what the French were paying out or making themselves liable to pay out in respect of the remedies they were offering to their soldiers. That means, as I understand, practically pensions and pensions alone in the strict sense.

Sir Thomas Smartt: Otherwise you would get into a most serious complication, because some Dominions—we, for instance—are paying a high pension scale and some are not paying as much. If you divide on the basis of what each individual Dominion is paying you would hardly ever get a common denominator.

Sir Robert Horne: If you will look at the table* on the first page

Sir Thomas Smartt: Before you go to that, may I ask you whether you are now dealing with 22 per cent. of the computed amount of 6,300,000,000l. Besides that amount of 6,300,000,000l., there is a further payment to be made over forty-two years on the basis of German trade estimated at 26 per cent.

Sir Robert Horne: The 6,300,000,000l. covers all the liabilities.

Sir Thomas Smartt: It covers the whole thing.

Sir Robert Horne: The upkeep of the armies of occupation are outside, but otherwise it covers everything.

Sir Thomas Smartt: So that really the annual payments, plus the alternative payments, are all included in the 6,300,000,000l.

Sir Robert Horne: Yes.

Mr. Massey: Everything except the cost of the armies of occupation.

*Method of
computation of
Empire's total
Claim.*

Sir Robert Horne: If you look at the table* on the first page you will see what we applied for. That was the computation of our claim, 32,694 millions of marks, which works out at something over 1,600,000,000l. You see what the various items are: pensions, separation allowances, damage to property, non-maritime shipping losses, and damage to civil persons. We are not really concerned here at this moment with the proportion these things bear to each other. Again, if you look at what is described as Table 1, on page 4 of my copy

Mr. Montagu: Are you confining your attention this morning only to pensions?

Sir Robert Horne: No, I hope to do everything else afterwards, but I should like to take pensions first and get a principle upon that before we go on to separation allowances. If you look at Table 1 you will find, dealing with pensions alone, as this table does, that in column "A" you get the proportion that each part of the Empire bears to the other in respect of its claim on pensions. It is made up by the actuary upon the basis of what we computed at the time to be the liability on pensions of each of the various parts of the Empire.

Mr. Hughes: How do each of the columns differ from each other?

Sir Robert Horne: I will tell you what I think column "B" means now. Column "B" means column "A" corrected by the actual figures that we received from various parts of the Empire as the liability they were undertaking. Column "A," as you see, proceeds upon the French scale, which was the basis of the Treaty. Column "B," still operating upon the French scale, corrects the actual proportions as ascertained by the figures provided by each part of the Empire.

Sir Thomas Smartt: By the various pension Acts.

Sir Robert Horne: So that you see on that basis while the United Kingdom's share remains the same, Canada, for example, is 6.22 instead of 3.13 and Australia comes out at 6.30 instead of

Mr. Meighen: I do not understand that at all.

Sir Robert Horne: We computed as best we could at the moment, as we could not get the actual figures from you at all.

Mr. Meighen: How do you figure Australia twice more than Canada?

Sir Robert Horne: Quite frankly, your Canadian Pensions Office has not been able to provide really accurate figures.

Mr. Meighen: It is not a matter of accuracy at all—it is a matter of profound error.

Sir Robert Horne: If you will let me explain the question. I am leaving column "A," because column "A" has turned out inaccurate in its proportions. I think I can show Mr. Meighen how the thing arises. I think I can make a complete explanation. Well now, I have told you what column "B" is. Now, column "C" corrects the position through an adjustment in respect of India. The 3.91 and 3.93 that you got in Columns "A" and "B" in regard to India turned out to be quite inaccurate, because India, in point of fact, as I have said, is not even paying on the French scale, and, therefore, we have reduced India to .54, that being the exact proportion which she is paying according to her pensions scheme, and that has the effect of altering the figures in regard to all the others. For example, Canada goes up slightly to 3.24. We distribute the surplus that we get by putting India in its accurate position, and Australia gets a little more, and New Zealand slightly more, too. That is proceeding on the basis, as you see, of the French scale, in accordance with the provisions of the Treaty and correcting the figures originally put in, which actually shows in what proportions they are made up according to the pensions schemes of the various countries.

Mr. Meighen: It does not. There is no chance in the world of it being within 100 per cent. of being right.

Sir Robert Horne: I will show you how the thing works out. If you take Table 2, which is two pages further on, you will find the figures based upon a different principle. Instead of proceeding upon the French scale—what we paid on the basis of the French scale—it proceeds to a distribution of the amount to be received upon a different footing. It shows what is the capitalised liability of each of the various parts of the Empire as now discovered by actuarial estimate upon the pensions' schemes. That is what it does. It may possibly be the fairest way out—I do not know that we shall discuss that. I am only now explaining where we are. Now you see the figures change a little upon that basis. The United Kingdom percentage remains practically the same, 84.95 instead of 84.56; the minor Colonies remains the same. Canada goes up from 3.24 to 5.10. Look at Table 2. Australia goes down from 7.84 to 5.95, New Zealand remains about the same, 2.47 as against 2.78.

Mr. Massey: On the face of it, that column looks very much better in proportion to the number of soldiers from each country.

Sir Robert Horne: This is really a thoroughly scientific actuarial calculation upon the basis of the liability of each portion of the Empire under the pensions scheme operating—that is what it really is.

Mr. Hughes: I do not know where you get these figures, but you must have a record. I do not admit for one moment that you have the right to take what you call pensions in this country, but which we call in Australia pensions, and group them under, say, three headings. What have you done? You have taken one of ours and said, "That is all we are paying," but it is not. Might I ask this, the pensions scheme in Australia, for example, the rights of pensions alone—the term is ordinarily applied. I should like to ask your officials whether they had regard to that—what schedule they have taken apart from anything else?

Sir Robert Horne: I am told that they put in every kind of allowance on the same basis as here.

Mr. Hughes: What schedule did they take—the old schedule or the new one?

Sir Robert Horne: When was there a new one, Mr. Hughes?

Mr. Hughes: I should say the best part of a year ago—I do not know how long.

Sir Robert Horne : I am told it was about six months ago. The Australian one was obtained from Australia House, and it was on the basis of that one that these computations were made.

Mr. Hughes : I should say that it was not accurate.

Sir Robert Horne : Well, we will ascertain that.

Mr. Hughes : We paid 66,000,000*l.* to soldiers last year. On the face of it, therefore, that is (shaking his head in dissent).

Sir Robert Horne : You are probably including many other things which we have not included, like land settlement

Mr. Hughes : Even when you have made every allowance for that it does not seem to be approximately correct.

Sir Robert Horne : Have you anybody, Mr. Hughes, that can tell us about this matter?

Mr. Hughes : Yes, I first want to know all you can tell us, because I do not know what figures you are working on. Perhaps your officials might be given an opportunity to consult with mine in order that we may see where we are and what we are doing. We must work on the same figures, otherwise we cannot arrive at any settlement.

Sir Robert Horne : They have been working together for the last six months. I cannot say that Australia House has left them in ignorance of any particular claim you are making.

Mr. Montagu : There is a strong question of principle raised by Mr. Hughes. Our figure is wrong. Have you included land settlement?

Sir Robert Horne : No land settlement is included in this.

Mr. Montagu : That is what Mr. Hughes was raising just now.

*Case for inclusion
of Land Settlement
in Pensions' Claim.*

Sir Thomas Smartt : You do not raise the question that, included in the apportionment of your pensions, should be the amount of money that you have spent upon land settlement. I understand from the Chancellor that these computations, no matter what the basis may be, had been estimated on the actual basis of the capitalised amounts of your pensions.

Sir Robert Horne : Pensions were including, of course, ordinary allowances for convalescent treatment and training—it includes all these, but does not include the kind of thing, for example, as able-bodied men that we send to Australia under the scheme of land settlement. We did not include any of that, although it is very costly to us.

Mr. Massey : If you are going to include an item like that, I should have to increase ours by 25 millions.

Sir Robert Horne : Obviously, it seems to be outside the purview of what we regard as the foundation of proper claims.

Mr. Meighen : They are loans

Mr. Hughes : I am not talking about money, either out of revenue or of loans.

Mr. Meighen : I know. They are advances to soldiers by way of a loan.

Mr. Hughes : I am not talking about advances to soldiers, but what we have paid and are paying to them. We say to the soldier, "Very well, if you go on the land we will help you." If he says, "I prefer not to go on the land," we have got to support him until he is re-established. Whether the money is paid to the soldier to settle him on the land, or as payment by way of sustenance, it amounts to the same thing so far as our Treasury is concerned. Clearly, you cannot exclude the one in calculating the other.

Sir Robert Horne : With all submission, Mr. Hughes, I think it stands upon a different footing because, obviously, they are not in the ordinary way reparations in respect of war damage, because they are mixed up with a great many other considerations.

Mr. Hughes : No, they are not.

Sir Robert Horne : With us they are.

Sir Thomas Smartt : We believe, Mr. Chancellor, very large sums of money have been spent on land settlement and returned soldiers, but they are not returned in these claims.

Sir Robert Horne : No, they are not put in as part of your computation in connection with the Treaty.

Mr. Hughes : I hope you will hear this case argued. This is the first time we have had a chance to know upon what basis the Government of the United Kingdom proposes to distribute any monies received by way of reparation, and we ought to be allowed to hear all the facts before we are asked to come to any decision.

Sir Robert Horne : No Well, Mr. Hughes, I think you are slightly in error about this, because the representatives of Australia, Canada, South Africa, and of the United Kingdom have been working hard on this thing for six months.

Mr. Hughes : While that may be very true, I, as head of the Government of the Commonwealth of Australia, have been kept wholly in the dark about it. I hear all this for the first time.

Sir Robert Horne : I am sorry for that. Your representatives have certainly been very busy.

Mr. Hughes : Probably they were under some obligation not to say anything.

Sir Robert Horne : The schedule upon which they proceeded came from Australia, and therefore I am sorry you did not know about it. It is not surprising with all the many duties you have to perform that you have not heard about it, but, believe me, the officials of Australia were very well apprised of the whole of the questions that are here under discussion.

Mr. Hughes : I know nothing whatever of it. I know of the 22 per cent. to the British Empire. Mr. Lloyd George reported that to us, but beyond that it has not gone.

Sir Robert Horne : There is this to be kept in mind. I do not say it is foreclosing things. What the Treaty provides in respect of reparation in connection with the liability for pensions is payment of pensions on the French scale, and that is in the Treaty. I am afraid you signed the Treaty.

Mr. Hughes : I did sign it, but I will ask any man who was there if he ever read it—all of it.

Sir Robert Horne : That is the basis upon which we are to be paid.

Mr. Hughes : I do not admit that, because the matter has been the subject of negotiation ever since.

Sir Robert Horne : But not getting away from the bases.

Mr. Hughes : I do not know.

Sir Robert Horne : What the clause says is—

“(5.) As damage caused to the peoples of the Allied and Associated Powers, all pensions and compensation in the nature of pensions to naval and military victims of war (including members of the Air Force), whether mutilated, wounded, sick or invalided, and to the dependents of such victims, the amount due to the Allied and Associated Governments being calculated for each of them as being the capitalised cost of such pensions and compensation at the date of the coming into force of the present Treaty, on the basis of the scales in force in France at such date.” (Treaty of Versailles, Part VIII, Section I, Annex I, Clause 5).

That is the basis upon which reparation is to be paid, and that limits, as it would seem to me—but I say it with great deference to any view you may have—it seems to me to limit the scope of the matter we are considering. I think it really prevents us getting on to the big question as to what each country may have chosen to do as a part of general policy of that country in the way of providing for land settlement.

Mr. Hughes : I will leave land settlement out for the moment, but I understood you to say that quite apart from the basis upon which the monies received under the Reparation clause were to be divided between the different Allies, there was the question of the division *inter se*, which was not necessarily governed by the same principle. I think you said that.

Sir Robert Horne : What I said was, we could, amongst ourselves, if we chose, agree to a proportion in the way of distribution which would not necessarily be governed by the French scale, but what I have exhibited this other table for, upon capitalised value, is to show how the proportions would work out if you took such a basis as this

Mr. Montagu : What you have done with regard to India is, you have claimed from Germany on the French scale, and then you have said to India you do not pay on the French scale. Therefore, it is a little nest egg for us. It is too high for you and we will distribute it to the other persons.

Sir Robert Horne : I could quite understand that objection if we were getting what we claimed, that really is the point.

Mr. Montagu : I am not questioning the propriety of some adjustment, but I am saying this adjustment requires a little consideration from that point of view and Australia's.

Mr. Meighen : That is the thing which has been in my mind.

Mr. Hughes : I do not see how you can ignore the circumstances of the Dominions

Mr. Massey : You cannot receive more than you pay away.

Mr. Meighen : I do not know. You can increase the payments.

Sir Robert Horne : If the full amount of the claim was granted we could not deny India all that has been claimed on her behalf, but, when much less than the claim has been granted, if one takes more than she actually pays and the others less, because of the error in the original computation——

Sir Thomas Smartt : Seeing that other parts of the Empire have had to pay out on the basis of the higher scale of living.

Mr. Meighen : That is the point.

Sir Robert Horne : Having said so much and before we get on the discussion upon the principle which Mr. Hughes has raised, if it is to be raised, may I direct your attention to Table 3, which will show you the proportions? These are really illustrations which would be arrived at if you took the basis of casualties alone without regard to the scale on which pensions are paid in respect of those casualties. Table 3 shows that the casualties of the United Kingdom come out at 82·2 instead of 84. Canada comes out to 7·1, Australia to 7·2, New Zealand comes down to 1·9 and India remains at ·54.

Mr. Montagu : You do not make the calculations up for some reason or other.

Sir Robert Horne : It is kept at the same figure because that is the actual expenditure. The explanation of these figures is this. If you take casualties by themselves, they give some kind of indication of what your liability will be, but not a full and complete explanation, for this reason. If you take the case of the United Kingdom, we had, I think, almost twice as many married men in our army as any of the Dominions, as you would expect, and the result, of course, is that there is far more to be paid out in the way of pensions; there are far more widows and dependents to provide for, and, therefore, casualties by themselves do not give anything like the measure of the liability of the various countries, but I have put forward that table just to show you how it works out on casualties alone. Now, Mr. Meighen, I would like you to look at the table* which shows the general casualties and so on, and you will see in these figures an explanation as to why I think there is some error in the records of the Canada Pensions Office.

Sir Thomas Smartt : What page is that?

Sir Robert Horne : If you take the fourth column, first you see the total of the casualties of each of the various parts of the Empire. The United Kingdom is over 2,000,000, Australia 211,000, Canada 206,000, India 117,000, New Zealand 56,000 and South Africa 21,000. Look at the next column, representing the disabled men.

Mr. Meighen : Just a moment before you go on. Where do you reach the figure of 206,000 for Canada?

Sir Robert Horne : That was supplied to us, as I understand, by the War Office.

Mr. Meighen: Up to the 15th January, 1919, 218,433, according to our official figures here.

Sir Robert Horne: I do not know whether you can say whether these figures . . . there is still the difficulty, whatever the correct figure is, Mr. Meighen, if you will kindly look at this table for a moment, because it is an important point—look at the next column on disabled men. We had one in three of our casualties disabled. No, it is one in two, because the disabled men are included in the casualties; that is, more than 20 per cent. disabled. If you take Australia, there are 95,000 disabled out of 211,000 casualties. It is just about the same proportion as ours.

Mr. Massey: It is more.

Sir Robert Horne: No, it is slightly less. Look at the Canadian figures : 52,000 disabled out of 206,000. That, as you see, is very much less than the proportion of either the United Kingdom or Australia, and, if you look at the New Zealand figures, 34,000 out of 56,000, that is a bigger proportion than either the United Kingdom or Australia, and South Africa, 15,000 out of 21,000, is a bigger proportion, but the Canadian figures look to me to bear some error on the face of them.

Mr. Meighen: It means it is likely that the different Departments have given a different meaning to the word “disabled.”

Sir Robert Horne: I suppose it is upon disablement that you pay pensions.

Mr. Meighen: It may be. It may mean one thing in one country and not quite the same thing in another.

Sir Robert Horne: You may administer on a much higher basis.

Sir Thomas Smartt: That is the whole thing. If the Canadian Medical Boards are much more rigorous, they would have put their percentage of disabled on a much lower scale.

Mr. Meighen: That is so, but that would not make any difference in the distribution.

Sir Robert Horne: That explains why on your figures of your pensions scheme, when they are actually applied to the original computation, your figure comes down, because your figure of disablement, and therefore the figure of your pension liability, comes so much lower actually than is the average in other countries.

Mr. Meighen: In a word, care or whatever you may describe it as, in one country may result in a very considerable contraction of the number of any class, but that should not have any effect at all in the question of the distribution of Reparations.

Sir Robert Horne: That depends. You see, it depends on the point of view—I am not saying this is a conclusive answer—but it depends upon the basis you take to divide Reparations: whether on the basis of what you really incurred . . .

Mr. Meighen: You would not argue that?

Sir Robert Horne: I do not know. It is for consideration.

Mr. Meighen: It is absurd.

Sir Robert Horne: Or whether it is on some basis higher than that.

Mr. Meighen: It is on the basis of the suffering of the country. The country suffers just the same whether the State pays a certain amount to the individual or whether the individual suffers it himself. There is not a bit of difference in that. One country by a very reckless policy might absorb the whole thing if it were reckless enough. All I want to draw attention to is this. We only want a reasonably broad basis of distribution, and it would be a shameful thing if we cannot agree on it. I do not think that this should be taken into account, not that I want any computation made of it of any kind, but in determining what the broad basis should be this should be taken into account, that Canada alone obtained no territorial acquisitions. They ought not to be wholly ignored in determining the basis of distribution.

Sir Robert Horne: I am afraid you would not like to take over Mesopotamia, Mr. Meighen.

Mr. Massey: That is my experience.

Mr. Meighen: As regards mandates, that may be true, but I should not like to hear that as regards territorial acquisitions after the trouble taken to get them.

Mr. Massey: What territorial acquisitions are you referring to, for instance?

Mr. Meighen: You have Samoa.

Mr. Massey: That is a mandate country, and it carried a good deal of responsibility. I know we are not going to get anything out of it, but it was taken to prevent any other country coming in.

Mr. Meighen: Australia wanted Nauru. and you also wanted something.

Mr. Massey: Only to keep other people out.

Mr. Hughes: What has that got to do with this question?

Mr. Meighen: Canada alone received none, and Canada alone from that standpoint is interested. We should be in a minority if interest alone was to dictate, but I suggest that it should not be left out of account in determining the principle that is to govern the distribution, not that any computation could be made, but if there was one principle defensible, that appeals to us as right and fair. If such a principle as that were defined, and if it gave a little advantage in that respect to the country that got no territorial acquisition, it might be adopted.

Mr. Massey: I see no financial advantage in it

Mr. Meighen: Financial advantages are not everything.

Sir Robert Horne: I understood you to put forward a suggestion, Mr. Meighen, that we ought to try to find some way which does not rigidly follow the actual liability incurred, because you say there is something outside of that. That is your point.

Mr. Meighen: That is so. We would never get anywhere if we did not go on that basis

Sir Robert Horne: Something that does not rigidly follow the actual amount which the State happens to pay in the way of pensions.

Mr. Massey: You get into indemnity in that way. Once you depart from the principle of reparation, you get into trouble.

Mr. Meighen: I do not want to depart from it at all.

Mr. Hughes: What principle then are you going to adhere to? Liability should be the only principle. The question is to establish what is the liability, and we require some kind of principle to guide us, what we are to exclude, and what to include.

Mr. Meighen: Liability as between the State and the State's citizens is one thing, but the loss which the country itself suffered is another thing. You might, for example, have adopted a certain policy as to who is disabled or who is not, and whether a man is disabled 20 per cent. or 80 per cent.; we may have followed another course. You may have been reckless and we penurious, or *vice versa*, but that should not determine the principle of reparation. We should seek the principle that has a bearing on the actual suffering of the country's people, and adhere to that. We would say, go on a casualty basis if we can. I realise Sir Robert Horne's point that the country which has exhausted its manhood the more, whose casualties are really greater casualties, man for man, than other countries is entitled to be considered as having incurred a greater liability. Perhaps some allowance could be made for that here.

Mr. Massey: That would suit me.

Mr. Hughes: I think there is a good deal in what Mr. Meighen says, and if we are to take into consideration all those things that he has touched upon, and consider all the circumstances of each Dominion during the war, we should have to include the effect of the war upon the trade of each country, and to examine whether one Dominion suffered more than another as a result of the war, and if we found as a fact that the trade of any Dominion had not suffered but increased or decreased by such an amount as to be negligible, we should have to take this fact into account.

And we should also have to consider the remoteness of any part of the Empire from its markets, the dangers to which its trade was exposed on that account, the price obtainable for its goods—all these and many other things would have to be taken into consideration. As I see it, you are launching into an uncharted sea. Once you fix the liability, you can express that liability in terms of money. We are invited to take pensions, as payable by each Dominion, as the bases, or as an alternative base the quotas upon the casualties suffered. I think that you have a much better basis for fixing the quota of reparation by taking the actual amount of its liability to its soldiers. This seems a more reliable and equitable basis than its casualties and disablements; but if you take this latter as a basis, namely, the amount that we are paying in compensation to our soldiers, then Mr. Meighen says it is inequitable, because he says some Dominions may have been reckless and others penurious. He says that, if you have the quota upon the actual casualties, you eliminate that.

Mr. Massey: The term "casualty" differs in the different countries. A casualty in New Zealand is not the same as in the other Dominions. A casualty in New Zealand was not counted unless a man was off duty for a certain number of weeks. We may differ in that respect.

Mr. Meighen: That is the same with us.

Mr. Massey: I do not think we would be wise in getting away from calculating in the actual liability the sum which each country has paid by way of pensions and compensations, without including land settlements.

Mr. Meighen: We are spending thirty-three millions in loans for the purpose of taking hold of the disabled fellows. That is not pensions you see.

Mr. Massey: Something might be done in that way, but I am very doubtful about it.

Mr. Meighen: You could not take pensions alone, at least I do not think you could. We have been spending more until just this year in other forms of assessments than in pensions.

Sir L. Worthington Evans: But those additions for civilian reinstatement do not alter the ratio.

Mr. Meighen: They would undoubtedly affect the ratio.

Sir Thomas Smartt: It would depend on what you can do. I understand Mr. Hughes is not only making provision for land settlement, but that he is setting the men up in business, giving them 500*l.* or 1,000*l.* to set them up in a shop.

Mr. Hughes: I hear you say that.

Sir Thomas Smartt: I am only asking if that is the case.

Mr. Hughes: As a matter of fact it is not.

Mr. Massey: We are doing it in New Zealand, and have spent a very large sum of money in that way. We have trained every man who was willing to be trained, paid him his pension during that training, and also paid him the minimum wage as provided in the Arbitration Act while he was learning his business.

Sir Thomas Smartt: If you go into all those questions you will never arrive at a good basis.

Mr. Massey: I quite agree.

Sir L. Worthington Evans: I very much doubt whether you would appreciably alter the ratio.

Mr. Massey: No, not much.

Sir Robert Horne: It is difficult to follow that in all its ramifications.

Mr. Meighen: It is difficult from the point of re-establishment of a disabled man.

Mr. Massey: We are only doing it in the case of a disabled man.

Mr. Meighen: We take another way of doing it. It is a loan that you make.

Mr. Massey: No, in the case of training a disabled man we pay him everything.

Mr. Meighen: If you paid him 1,000*l.*, that is a loan.

Mr. Massey: That is so.

Sir Thomas Smartt: I understood that New Zealand and Australia gave the men loans to set them up in business. Mr. Hughes does not do so, but you do it in New Zealand.

Mr. Hughes: For practical purposes these payments are negligible. We have confined our action to settlement on the land. If we were to be told now what payment Germany has made and is to make in the near future we should be better able to grip this as a practical proposition.

Sir Robert Horne: It is difficult to do that at this moment.

Mr. Hughes: If we are to divide nothing, it does not matter upon what principle we decide to divide it.

Sir Robert Horne: We must hope for something to divide.

Mr. Hughes: The Chancellor of the Exchequer does not entirely live on hope

Sir Robert Horne: We shall have Bonds to deal with.

Sir L. Worthington Evans: Interest-bearing Bonds upon which interest will be paid.

Sir Robert Horne: Let us try to gather information upon this matter. Does the casualty basis recommend itself to Mr. Hughes, does it recommend itself to you, Mr. Massey?

Mr. Massey: No, I think it is too complicated. I suggested liability.

*Offer to adopt
Casualty Basis if
Dominions
prefer it.*

Sir Robert Horne: I see Australia comes out all right on the casualty basis. It does better on that basis than on the liability basis. Great Britain suffers on that basis because it has so many more dependents to provide for, but if the representatives of the Dominions agree that the casualty basis would suffice, I will, so far as the United Kingdom is concerned, undertake to suffer the loss that there is in it. There is an obvious loss in it.

Mr. Meighen: There is now. There is, however, this to be said, that as time goes on you are likely to get back to a lower cost of living than the Dominions. You were before the war substantially lower, though you are not now. I have seen no evidence of it since I came over, but when normal times return you very probably will. That would assist Great Britain.

Sir Robert Horne: I am not making any point about that now. I say that if the casualty basis is satisfactory to the representatives of the Dominions, I am perfectly willing to forego for the United Kingdom the proportion which obviously we give up. You will find it in Table 3, Mr. Hughes.

Mr. Hughes: Yes, I see.

Mr. Massey: Before we do anything in the way of casualties, or accept casualties, we need a common interpretation for "casualty."

Mr. Montagu: If you depart from liabilities and go to casualties you would have a higher liability for certain Dominions.

Sir Robert Horne: I put it to you that if the United Kingdom is taking the proportion it would be entitled to take, looking to its liability, India could scarcely complain if it gets the full amount that it pays out, gets it in that proportion. All the rest are getting less.

Mr. Montagu: If you are basing yourself on liabilities, I quite agree with your proposition, but if you depart from liabilities and go to casualties, which has no relation to liability at all, but is a measure of the suffering of humanity, then I say we are entitled to take that claim on casualties as well as any other part of the Empire.

Mr. Meighen: I think so too, except for this consideration that Sir Thomas Smartt advances, that casualties, as we adopt it, is merely a means of getting at the monetary suffering of the nation, and not of the Treasury. What he said, which rather altered my view, was this, that on account of the cost of living in India you

do not suffer per man as we do. If a man is injured 20 per cent. in each country, you do not suffer as much as Canada or Australia. If he is totally disabled you do not. I thought that argument was very strong.

Sir Robert Horne: I appreciate Mr. Montagu's point of view about this, but I am afraid that if India asks to be assessed on the basis of casualties, then the whole of this table will be put out.

Mr. Meighen: Casualties is only a means of getting at the suffering of each country reduced to pounds and shillings. That is all, and we think that is the fairest way of getting at it.

Sir Robert Horne: We are a little bit confused about this, because it is not really pounds and shillings, but the proportion in which you are going to claim pounds and shillings.

Mr. Meighen: I know that—the relative suffering reduced to the denomination of money. It is a means of getting at that, but as regards India a difference arises on account of the very great difference in the scale of the cost of living, and consequently an exception must be made there, because in the case of a man in India who is half disabled, the loss to that man in money is much less than if the same man was in Australia. Consequently, if you got the loss in money that seemed to me to be fair.

Sir Thomas Smartt: The only difficulty about casualties, as Mr. Massey suggested, is, what do you define as casualty? Get a common denominator. A man may get a scratch on his finger, he is off for the day, it is a casualty, but it does not interfere with his economic condition in his country when he goes back.

Mr. Massey: Really I do not think it is worth while. It all comes back to what incapacity means at the end of the war. If you are going to try to get the relative suffering of each country, the better way is to take the proportion of people, men and women, who went to the war, in proportion to the rest of the population. I do not suggest that, but it seems to me that is the better way of getting at the relative suffering. I do not think you will do better than stick to liability.

Sir Robert Horne: May I suggest we are really not endeavouring to find out the amount of suffering of one country as compared with another? What we are trying to discover is some rough measure in which we can estimate the proportion to each other in which we are going to take any money that becomes available. That is all. It is not going to compensate for suffering. That is not the object of this. This is an attempt to arrive at a proportion sum and nothing more. When you are looking at the question of pensions, the number of people who have been injured does give you a rough measure. I think that undoubtedly may be said, and you may say: "Well, upon what basis have you compared these things in the various countries?" As far as we are concerned, all the figures we have are War Office figures, the casualties suffered by the various armies. I venture to think that is not a bad measure if we are looking at the means of making this proportion sum. For example, if you take the case of New Zealand, out of 56,000 casualties, 34,000 were disabled. I imagine that the proportion of casualties in the various armies came out not very differently.

Mr. Massey: It is not casualties. If you are going to do that, you have got to drop casualties and go for incapacity at the end of the war or at the time the soldier reached his country.

Mr. Meighen: What about the man who was treated for four years during the war? You cannot leave that out.

Mr. Massey: That would come under what I have said, the time he arrives in his own country.

Mr. Meighen: He might not arrive there at all.

Sir L. Worthington-Evans: You might have the amount of casualties and capital liabilities and pensions. You will then get the actual casualties of the day during the actual service, and you will get another factor which represents the permanent loss.

Mr. Hughes: Look at New Zealand's total: 56,000, of which 16,000 were killed.

Mr. Massey: 17,000

Mr. Hughes: Whereas you take Canada : 206,000, of whom 56,000 were killed. The proportion is different, and whatever you may estimate of the measure of a man's disablement, when he is dead there is an end of it.

Sir Robert Horne: There is his widow. If he is dead, there is still the question of the widow and family.

Mr. Hughes: You cannot say he is not disabled.

Sir Robert Horne: And they are part of the pensionable liability.

Mr. Meighen: We include deaths as disabled. A death is a disability.

Mr. Massey: The number of dependents has to be taken into account.

Mr. Hughes: Of course.

Sir Thomas Smartt: Does disease come under casualties, too?

Sir Robert Horne: Disease arising from war service is, I think, counted as a casualty with us.

Sir Thomas Smartt: I wonder if that is so?

Mr. Meighen: That is so with us; but it is claimed in this Memorandum, whether rightly or wrongly—I can hardly believe it myself—that we, in deciding whether a disease does arise out of the war, are more exact, they would get the advantage on that.

Sir Thomas Smartt: Take the troops in German East Africa. The worst cases of these troops were not the wounded, but the men who will carry to their dying day malarial fever, from which most of them will never be the same again. I do not know that they are treated as casualties.

Mr. Meighen: Surely.

Mr. Hughes: We had a larger force in Palestine, and may crack up now, over two years after the war.

Sir Thomas Smartt: Are they included as casualties?

Mr. Hughes: Many of them are not.

Mr. Massey: They are not officially included as casualties?

Mr. Hughes: No.

Sir Thomas Smartt: That makes a serious difference in our pensions.

Mr. Meighen: Those who, while in military service, took malarial fever are casualties, I think so.

Mr. Hughes: Wait a moment. I do not think so. Let me put this to you. There are plenty of people cracking up now in Australia who came out of the war apparently unaffected.

Mr. Meighen: So have we.

Mr. Hughes: They appear all right, then they go down, they crack up.

Mr. Meighen: Our Medical Boards decide that if break-up is traceable to the war he is a casualty; if not, he is not.

Mr. Hughes: These trickle through bit by bit. You are not able to measure yet.

Mr. Meighen: Neither are you.

Mr. Hughes: No.

Mr. Meighen: So we are alike. It will even up. The question is whether or not, in determining whether his trouble is traceable to the war, each country has adopted equally rigorous standards. This paper says we have adopted more rigorous standards than you. If we have, you get the advantage in the distribution. Personally, I do not think we have. I am ready to take the chance.

Sir Robert Horne: The casualties that we have estimated are the War Office casualties. It has got nothing to do with the views we may take in the various countries as to the number of people with fever, or a diphtheria that he may get, or a pneumonia, nothing to do with any question of that kind. These casualties are casualties in the field at the end of the war.

Mr. Meighen: Are you sure of that?

Sir Robert Horne: These casualties are War Office casualties. It is true they do not cover what we each suffer in our different countries with regard to subsidiary diseases arising out of the war, but what one puts forward the figures for is that they afford a rough measure of what each country has suffered in respect of war injuries, and really, that is all you can hope to get. You cannot get perfection, otherwise you would have to get down to every single item of administration in respect of our various pension schemes. That is hopeless and impossible, and therefore I do not think we need require to argue the question whether we have different administrative methods with regard to pensions or not. We take the War Office casualties as affording a rough measure of what each has suffered.

Sir Thomas Smartt: If the War Office would only tell us what are included in the term "casualties."

Sir Robert Horne: It will be on the same basis for all.

Sir Thomas Smartt: The troops that served in East Africa and countries of that sort had casualties far more serious than many of the wounded people, because in the East African campaign, which I followed, a huge percentage of the troops that went down, went down owing to the malarial conditions of the country—they were not wounded. If they are not considered as casualties, the pension scheme on that basis is far higher than the scheme on casualties.

Sir L. Worthington-Evans: It would not really be a fair measure of the amount of disablement. They would be reported as a casualty. That is really a life disablement.

Sir Thomas Smartt: These men are all under our pension scheme. They are really the worst cases.

Sir L. Worthington-Evans: The worst cases we have here are the malarial cases that keep on recurring.

Mr. Massey: There are lots of casualties whose dependents themselves never claim or receive pensions.

Mr. Hughes: I think the principle fairest to all is one which rests upon what is the actual liability, the liability recognised by each State, in regard to the war, expressed in terms of money. That is set down really in Table 1.

Sir Robert Horne: Table 2, I think.

Mr. Hughes: I do not admit, however, that the percentages, as set down there, rest upon the monies actually paid in Australia. But that is a matter which can be determined by examination of the figures. It has been suggested that we should weight casualties with the figures of Table 2. Then you get this:—

Great Britain	...	...	...	...	83·6
Canada	..	...	...	...	6·1
Australia	...	...	...	...	6·6
New Zealand	...	...	...	...	2·21
South Africa	...	...	...	...	·77

and you get that as against under Table 1:—

United Kingdom	...	...	...	...	84·5
Canada	...	...	...	...	3·2
Australia	..	...	...	...	7·8
New Zealand	...	...	...	...	2·7
South Africa	..	...	...	...	·9

and under casualties the average disability, if it were wholly determined by that, would, according to the Appendix to E 26, be:—

United Kingdom	...	...	...	...	50
Australia	...	...	...	...	67

Canada	...	...	...	...	36
New Zealand	...	...	...	...	71
South Africa	...	...	...	..	43

Now, I am afraid if we argue for a very long time we shall hardly ever be able to arrive at something which is entirely satisfactory, but if we can get some workable scheme which would be acceptable to us, that would be the best, if it could be hoped for, and I am willing to take either the casualties or Table 1, but not Table 2 as it is now or these.

Sir Robert Horne: I would venture to support you in the view that we should take the casualties' table taken along with the table of actual liability, bringing out the figures you spoke of on this sheet, in which Canada gets 6·1 per cent., Australia 6·6 per cent., New Zealand 2·2 per cent., South Africa ·77 per cent., Great Britain 83·6 per cent. This is all, of course, on the assumption that India is taking ·54 per cent. in the total as showing her actual liability.

Mr. Montagu: How do you mean the actual liability? I do not quite follow. It is a percentage.

Sir Alfred Watson. It is India's liability reduced to the proportion of 25/44ths of India's actual capital liability.

Mr. Montagu: On the scale suggested, if India gets 25/44ths of her capital expenditure, what will South Africa get?

Sir Robert Horne: Sir Alfred Watson was talking of the conversion of the franc into rupees, from which we are all suffering. He is trying to explain to you the result of the exchange, because the matter was originally computed in francs, but in saying you are to take ·54 per cent. you will be getting on that proportion the whole of your expenditure.

Mr. Montagu: Assuming Germany pays the whole debt.

Mr. Hughes: Is this on a franc basis?

Sir Alfred Watson: Table 1 is on the franc basis. Table 2 is on the pound basis and Table 3 is on the pound basis.

Mr. Massey: What are we discussing, because it seems to me we are not getting anywhere?

Sir Robert Horne: It does not matter whether you are talking of francs or pound sterling if you are only talking of a proportion, but I do not understand what Sir Alfred is trying to tell Mr. Montagu.

Mr. Montagu: Neither do I. The Chancellor of the Exchequer told me earlier that I ought to be content with ·54 per cent., because that would give me the total liability. Now you tell me you give me 25/44ths. If that be so, if I get that, what are South Africa, Australia and Canada getting? You want to compute my claim differently from them.

Sir Alfred Watson: In Table 2 you all get 25/44ths of your actual liability.

Mr. Montagu: Under Sir Robert Horne's alternative proposal he is keeping me to Table 2, but he is making a suggestion for combining Table 2 and Table 3 in regard to the Dominions. What proportion of their actual liabilities are they going to get?

Sir Alfred Watson: In total they will get the same as you. There will be a slight alteration as among themselves. Great Britain will suffer a loss of 3 per cent. and the other Dominions will get that 3 per cent. divided among them; India remaining the same.

Mr. Massey: What is the basis laid down in the Treaty? We seem to be talking all round the subject and are not getting any more forward.

Sir Robert Horne: The basis laid down in the Treaty is that the claim should be put forward on the basis of the French scale of pensions. That is to say, even although we are paying more, we cannot get more. That is on the French computation; that is what it provides. You get that lump sum. Some of us are paying, as you see, more than the French scale, India is paying less, the rest of us are paying

more. The suggestion has been made that we should arrive at a division as amongst ourselves, not merely upon what each of us happens to be paying out, because, as Mr. Meighen says, those who are more strictly administering their scheme are the losers.

Mr. Hughes: I do not admit that for one moment. If you are arguing on the merits of the case I withdraw my assent to the compromise.

Sir Robert Horne: I am not doing that. On the other hand, to measure on the casualty basis would be obviously wrong, as, for example, in the British case it very much exceeds Britain's liability in respect of pensions. Now, it is suggested that you should put these two things together and, by weighting them together, you should get at something which will approximate to the justice of the position.

Mr. Massey: I do not agree with it. Once you get away from the liability, you are going to get into trouble, and very serious trouble. I believe you should have a workable basis set down here in Table 1, column "C."

Sir Thomas Smartt: There is a manifest injustice to Canada there.

Mr. Massey: I believe there is an injustice to Canada there, but do not imagine I want to do any injustice to Canada.

Mr. Meighen: That is reflected again in the next table.

Mr. Massey: I think that ought to be altered.

Mr. Meighen: This feature comes in also, Sir Robert. As you know, the Royal Air Force was supplied in very exceptional degree from Canada, and that does not appear at all in our casualties; that appears in yours.

Sir Robert Horne: We are dealing with very big figures. I do not think it could touch that.

Mr. Meighen: I think it must be the difference between the 218,000 and the other. We had a great many men in that force, and also men who came from Canada who came over here and joined your forces, and who have now gone back to Canada.

Sir Robert Horne: Anybody who was in our force gets the pension from us.

Mr. Meighen: We suffered in those two respects. The Air Force enlistments and the enlistments in your army of men who were really Canadians. We suffer in both those respects; nevertheless, I would agree to the casualty basis, but I would not agree to its being weighted down by any other system of calculation as to pensions. There are those two respects in which it will be unfair. I do not like to agree for another reason. It has a certain complication about it which will make it a subject of perpetual controversy and will not be easily understood by the general public. It is not complicated to me; I understand it, but will it be generally understood? I do not think so. If we say it is divided on the basis of casualties, I think it will be accepted at that.

Mr. Massey: Irrespective of the pensions paid?

Mr. Meighen: Yes. When you took it to the peace table you took it on casualties, not on pensions.

Sir L. Worthington-Evans: On the French pensions.

Mr. Hughes: Irrespective of the amount paid, then you cannot weight the pledge with anything, you must pay on the casualty basis.

Mr. Meighen: That is what I say.

Mr. Massey: The French system is not on the casualty basis, it is according to the amount paid. Supposing Canada paid twice as much in pensions as New Zealand does, do you think it would be fair for us to claim as much as you do?

Mr. Meighen: Certainly.

Mr. Massey: I don't.

Mr. Hughes: I see Mr. Massey's and Mr. Meighen's point, and I see they are both equally fatal to this compromise here.

Sir L. Worthington-Evans: You keep talking of casualties as though they were synonymous with pensioners; they are not.

Mr. Montagu : There is a further political consideration I would raise from the point of view of people who are always trying to make trouble for us in India, namely, in Russia. If we proceed on our actual liability then we can face the world, but if we allow our enemies to say that we rate an Indian casualty lower than another casualty, we shall get into political difficulties which can be avoided on the liability system.

Indian Situation.

Mr. Hughes : I want to say this. I quite see the force of what has been urged in regard to India by the Chancellor of the Exchequer, but I am not in favour myself—although I can see very plainly it may not be to the interests of the Dominions—I am not in favour of the amount allocated to India being on any different basis. I quite see, if it be a basis of amount paid, India may not do as well as if on the basis of casualty, I quite see that, and it might be, therefore, that we should be driven to fix upon a principle of actual amount of liability. That is a principle which, if applied to all, the Indian delegates can defend; it is the same for us as for all the others, but this compromise appears to me to disregard the effect of this upon Indian feeling. I am not in favour of having India singled out for worse treatment than any other part of the Empire. I do not come here as the champion of India, but she has signed the Treaty, she has parliamentary institutions, she has the same right to be treated on a footing of equality around this table as any other, and the same principle must apply without any exception to all of us. Although I did not see it at first, I see this compromise is open to very severe criticism by the outside world, will give ground to those people in India who are disaffected and who are all the time saying we differentiate between India and the others, it does give occasion for that censure and criticism, and I do not think it is fair, so while I prefer naturally and I think it is equitable that we should be paid according to what we actually paid, if we cannot have that we must have it on the basis of casualties. As we shall all be treated the same in either case, the same principle will apply to us, and that no doubt in Table 1 will have the effect of bringing us all down a little.

Sir L. Worthington-Evans : Table 2 you are arguing for. Table 2 is casualties

Sir Thomas Smartt : Table 2 would be fair.

Sir L. Worthington Evans : Take Table 2.

Sir Robert Horne : Table 2 is based upon the actual capital liability that each country is incurring. That is Mr. Montagu's suggestion.

Mr. Meighen : Mr. Hughes says "casualties, and put India the same as the rest." That is Table 3, with the '54 altered, and the table altered accordingly.

Sir Robert Horne : Mr. Massey wants Table 2, as I understand.

Mr. Massey : I am prepared to accept Table 2.

Sir Thomas Smartt : I will take Table 2 also. If you take the Indian casualties now, it will alter the figure very considerably, far more than people imagine.

Sir Robert Horne : I think you had far better stick to Table 2.

Mr. Meighen : I do not like to have to defend, and I do not think I can till I go into it further.

Sir Robert Horne : Table 2 is based upon the actual figures of what the pensioners are receiving, which have been forwarded to us by the Canadian officers.

Mr. Meighen : I do not think they are calculated the same. If it is revised, I think our scale is the highest, but there has been a different method adopted with regard to the capitalised liability.

Sir Robert Horne : We will decide upon the principle, and if there is a difference in the figures to be presented, that will have to be gone into.

Mr. Meighen : I will try to meet you, and I am anxious to do so, but I do not think that Table 2 is within a long way of being fair, and before I agree, even to the principle of Table 2, I should have to think it over. I am prepared to agree to Table 3, and to give India her casualties.

Sir Robert Horne : I think you had better see how the figures work out before you say that.

Mr. Meighen: It is not a matter of figures so much as a matter of principle. I can defend figures, but I cannot defend a wrong principle.

Sir Robert Horne: I really do come back to this. After all, what we are trying to arrive at is a proportion. You are not now deciding something which you have got to go on the platform to defend as the amount you are going to hand out to your pensioners. It has got nothing to do with that. We are only trying to arrive at a rough and ready method of distributing what we assume, or hope, may come to us.

Mr. Hughes: Which do you prefer, Sir?

Sir Robert Horne: I must say it seems to me, so far as pure equity is concerned, the best way to do it would be by Table 2, by the capital liability which each country has incurred. I think that fits the situation myself.

*Division by Capital
Liability incurred
by each Country.*

Mr. Massey: I quite agree with the principle.

Sir L. Worthington-Evans: It is the only one that fits in.

Sir Thomas Smartt: For everything they are paying out in pensions, they are receiving a proportionate share on the basis of the capitalisation.

Mr. Massey: I agree so far as the principle is concerned. I am losing a little by it, but I do not mind.

Mr. Meighen: I will not agree to that now.

Mr. Hughes: That is the same principle applied to us all, India, and everybody else?

Sir Robert Horne: Yes.

Mr. Hughes: All I have to say is this. I want to get a decision of some sort. It is understood, I assume, that in regard to the percentages set out in the third column, and the figures of capital value, &c., set out in the second column, we shall have an opportunity of going into those?

Sir Robert Horne: Certainly.

Mr. Hughes: In order to ascertain what in fact is the amount paid or claimed by each Dominion under each category, and correcting it if necessary.

Sir Robert Horne: Yes.

Mr. Hughes: I do not pretend that this is satisfactory to us, but I am prepared to accept anything that rests on a foundation of equity, and that has some relation to facts—actual expenditure. We can defend such a basis of agreement. The world can cast no stones at you if you do that. The Empire as a whole will be in an unassailable position. If the different parts of the Empire say: "We pay this out on the basis of what we have expended for this particular purpose, and on the understanding that India is to be treated as every other part of the Empire, and that we have a right to review these figures," I will agree.

Mr. Massey: I think we all agree. May I say that we have never been supplied with details, at least I have not. I mentioned the reason at the Conference the other day, that I was on board ship, and probably Mr. Hughes was on board ship, when these matters were arranged. I do not know now what the terms of payment were so far as Germany is concerned, that is to say, how many years it is spread over, or the shape the payment will take, whether bonds or gold.

Sir Thomas Smartt: You can get all that out of the papers you have received. the details of the 6,300,000,000*l.*, and the forty-two yearly payments.

Mr. Massey: That has not come to me.

Sir Robert Horne: I should be delighted, Mr. Massey, if you have not got such a document, to have it sent to you.

Mr. Massey: I think it probably went to New Zealand.

Mr. Hughes: I asked Mr. Lloyd George the other day, and he said there was a paper coming, but I have not seen it.

Sir L. Worthington-Evans: It is a Foreign Office paper, and it has been circulated.

Mr. Massey: I think Mr. Hughes's copy went to Australia, and mine to New Zealand.

Mr. Hughes: I think this is a fair question, and surely it is capable of being answered—What are we going to get this year and next year?

Sir Thomas Smartt: Germany had paid 50,000,000*l* in gold already, or the equivalent.

Mr. Hughes: How much are we going to get out of that?

Sir Robert Horne: Of course it has not been paid in cash. A considerable amount has been paid in Bills, which will only mature on the 1st September. 12,000,000*l*. have been paid actually in gold.

Sir Thomas Smartt: The total is 50,000,000*l*.

*Actual present
payment by
Germany.*

Sir L. Worthington-Evans: And that constitutes the first year's interest payment on the bonds. You do not touch it as cash except as dividends upon bonds.

Sir Robert Horne: There is a considerable number of priorities upon that. In the first place, the armies of occupation have to be paid for. That is one of the things we have to deal with.

Mr. Massey: And what "occupation" means.

Sir Robert Horne: That is a question we are going to discuss here. The Belgians have priority for certain claims of theirs. As you know, they were put before all the others, so that altogether I do not think there is going to be very much to divide this year, but we shall see.

Mr. Hughes: Then it is an academic question.

Mr. Meighen: We shall have to meet again upon this matter.

Sir L. Worthington-Evans: Could we not take the question of the army of occupation now?

Mr. Montagu: What is the decision? Is it that the principle of Table 2 is accepted subject to an examination of figures?

Mr. Meighen: I have never said that I accept it, and I certainly will not. I look at Table 3 and even with those figures, which are not the same as ours, but assuming they are right, if I say to my Parliament: "Yes, our casualties are almost four times those of New Zealand, but they get practically twice the reparation." I cannot defend that. Furthermore, I cannot defend the principle that a country should have the right itself to decide what proportion of reparation it gets. The matter of calculation comes in. The methods of calculating these capitalised liabilities come in. The policy of the country comes in, and, as between ourselves, the individual policy of a country should have no weight whatever, not the least. I am ready to take casualties and have any correction made so that they will be, as nearly as we can get at it, calculated the same, but I will not agree to anything else at the present time.

Sir Thomas Smartt: The War Office will tell you that to compute casualties on the basis of men who went under with malarial disease, which is worse than some wounds. is impossible at the present moment without a total readjustment.

Sir L. Worthington-Evans: Casualties do not represent any fixed financial liability.

Mr. Hughes: Shall we have to meet again on this matter?

Sir Robert Horne: It is perfectly obvious that we must. If one member of the Conference says he cannot agree, then we must have another meeting.

Mr. Massey: I think there must be some inaccuracy so far as Canada is concerned, and that it ought to be adjusted and put right. What Mr. Meighen has said makes it perfectly impossible for me to agree to casualties. That is absolutely certain. I must stick to liabilities.

Sir Robert Horne: Let me say again, Mr. Meighen, that I do not think the point is quite appreciated. What we are doing here is not to say to any one of us or to the nation we belong to: "Now you have been looked at from this point of view with regard to the sufferings of your men." That is not the kind of point we are

trying to defend on platforms. There is a certain amount—let us assume it is 1,400,000,000%.—to be divided in reparations, not merely in respect of pensions, but in respect of other claims—separation allowances, shipping losses, armies of occupation. In the end, while we are trying at this moment to arrive at a proportion for pensions, the ultimate proportion will be made on separation allowances, shipping losses and all the other things, so that when you say to your people: “We are going to get a certain proportion out of the 22 per cent. that is awarded to the whole Empire,” that is for all our losses. It is not only for pensions, because we have at the moment to discuss each of them separately in order to arrive at the final percentage. But we are not going out into the world saying: “We have got so much for pensions, so much for separation allowances, so much for shipping losses” and all the rest. It is not so. In the end we are getting a certain proportion for all the obligations with which we are concerned.

Mr. Hughes: That rests on the actual losses under the various categories.

Sir Robert Horne: Yes, quite.

Mr. Hughes: As established by the facts.

Sir Robert Horne: Yes, quite. You have got to make it up from these various things. I do not anticipate, as far as I am concerned, I shall be taking anything more. In the whole of these reparations we allocate our amounts so much to Canada, Australia, and so much to the United States of America, and they each get such proportion, but that is for everything.

Mr. Hughes: Yes.

Sir Robert Horne: That is how it will come out.

Mr. Hughes: May I ask you this? Are we going to have another meeting?

Sir Robert Horne: Yes, we must have another meeting, and I will have to arrange that with the Secretary.

Sir Thomas Smartt: We have other meetings, and to-day we have a meeting on communications.

Mr. Hughes: I cannot go back to Australia unless I know something quite definite. We have to know that.

Sir Robert Horne: I shall have to see Sir Maurice Hankey before arranging the next meeting, but we will take it on Friday.

(The meeting then adjourned.)

2, Whitehall Gardens, S.W. 1, July 6, 1921.

APPENDIX

SECRET.

E. 26.

Report by the Government Actuary on the apportionment amongst the Component Parts of the Empire of the Receipts from Germany under the Reparation Clauses of the Treaty of Versailles in respect of Pensions and Separation Allowances.

Preliminary Considerations.

The total claim of the British Empire for Reparation under the Treaty of Versailles, comprising: (1) Pensions; (2) Separation Allowances; (3) Damage to Property (non-maritime); (4) Shipping Losses; (5) Damage to Civil Persons; was presented under these five categories for the Empire as a unit. The several amounts were given in the British Delegate's Report of the 18th May, 1921, as:—

	Gold Marks (Millions).	Percentage of Total Claim
Pensions	19,007	58·14
Separation allowances	3,930	12·02
Damage to property (non-maritime)	445	1·36
Shipping losses	8,985	27·48
Damage to civil persons	327	1·00
Total	32,694	100·00

The proportions in which these five items enter into the claims of the several component parts of the Empire vary considerably. It is accordingly recommended that the British Empire's share of the reparation receipts (22 per cent. under the Spa Agreement) should be divided in the above proportions into the sums due under each category before proceeding to sub-divide the payments separately amongst the United Kingdom, the Dominions, minor Colonies and India. The present report deals with this sub-division in respect of the items, Pensions and Separation Allowances.

I.—Pensions.

1. The claim submitted to the Reparation Commission in respect of military pensions totalled 42,670,000,000 fr. for the British Empire; and the sum included for this item in the total Allied claim as communicated to Germany was 19,007,000,000 gold marks.

2. This sum was arrived at by estimating the claim, in francs, on the French scale of pensions for the United Kingdom and for each other part of the British Empire, and the claim as presented represents the addition of the sums found by these separate estimates. If, therefore, the estimates were all based on data of the same kind and all were vested with the same authority it would be sufficient to propose that the sums recovered from Germany and allocated to pensions should be divided among the several parts of the Empire in the proportions in which their estimated claims enter respectively into the total of 19,007,000,000 gold marks. This, however, is not the position. While fairly full data were available in respect of the United Kingdom at the time when it was necessary to make the calculations in order to be ready with the claim on the final date (the 12th February, 1921) less complete information was to hand in respect of several of the Dominions and in the case of Canada the full particulars required were not received until the end of April. In these circumstances it was necessary to have resort to approximate methods of calculation in respect of the Dominions using such general materials as was available for the purpose. As the full data from the Dominions have come to hand a complete valuation has been made in each case based as far as possible upon the experience of the Dominion concerned. The result of this full valuation is to show that in total the estimates submitted to the Reparation Commission were very closely approximate to the true position. When, however, the total is separated into its component parts rather considerable differences reveal themselves, the claim for

Canada being materially reduced, while those for Australia, New Zealand and South Africa are correspondingly increased. The reason for this seems to lie in the differences between the respective methods of pension administration. Although Canada has experienced as heavy losses as Australia by deaths and in the numbers of wounded, as shown in the official casualty returns, the number of pensions awarded in Canada is much smaller than in Australia; and, furthermore, in the case of disabled men, the average rating of the degree of disability in Canada is approximately only one-half that obtaining in Australia. (See Annex.)

3. This consideration suggests that the details of the original estimates would not supply a satisfactory basis for the apportionment of the sums to be recovered.

4. In the case of India, the figures need adjustment for another reason. As against Germany, the claim for the Indian native troops was rightly based on the French (European) scales, as was also the claim of France in respect of the strictly corresponding class. The provision actually made by the Indian Government for its native troops is, however, very small in comparison with the French (European) scales, and to use the proportion in which India was represented in the claim as the basis of apportionment to India as against the other parts of the Empire would have the effect of allocating to India not merely a wholly disproportionate share of the sum recovered, but, on the basis of the obligations now accepted by Germany, an amount considerably exceeding the total liability incurred by India in respect of pensions and corresponding allowances. It is submitted, therefore, that whatever general basis of apportionment be adopted the case of India must be specially dealt with, having regard to the great difference between her monetary obligations in respect of pensions, &c., and those of the other parts of the British Empire.

5. As a matter of information, though for the reasons given above this basis is not recommended for adoption, Column A of the following table is given as showing the proportionate extent to which the claim in respect of each part of the Empire entered into the total as presented to Germany. Column B shows the apportionment as it would have stood if the full facts now at hand had been available when the claim was prepared. As indicated in paragraph 2 above, the total amount of the claims is unaffected by the substitution of Column B for Column A; the question at issue is simply one of apportionment. Column C gives the same apportionment as Column B, save that the proportion allotted to India is reduced to the figure appropriate to the actual conditions of the Indian pension scales as lately revised, the rupee being taken at 1s. 4d. Subject to this adjustment, the allocation in Column C is strictly in accordance with the basis of the claim laid down by the Treaty.

TABLE 1.

					Column A.	Column B	Column C.
					Per cent.	Per cent.	Per cent.
United Kingdom	..	..	..	..	81·25	81·68	84·56
Minor colonies	..	..	..	..	·03	·03	·03
Canada	..	..	..	..	6·22	3·13	3·24
Australia	..	..	..	..	6·30	7·57	7·84
New Zealand	..	..	..	..	1·60	2·68	2·78
South Africa	..	..	..	..	·60	·87	·90
Newfoundland	..	..	..	..	·09	·11	·11
India	..	..	..	..	3·91	3·93	·54
Total	..	..	..	..	100·00	100·00	100·00

6. It may perhaps be considered that the Treaty basis of the aggregate claim of the British Empire does not supply a suitable basis for the apportionment of the amounts recovered, since it fails to give effect to the differences between the scales of pensions, &c., in force in the various parts of the Empire and allows nothing for differences of exchange. It has appeared desirable, therefore, to make a further investigation, bringing these factors into account, and the apportionment resulting from this calculation is shown in Table 2.

7. It should be mentioned that the adjustment for exchange is only important in the case of Canada, Newfoundland and India. In the case of Canada and Newfoundland the present rate of exchange is used as the conversion factor, and in the case of India the rupee is again taken at 1s. 4d. The whole question of exchange is one of great difficulty in view of the fact that the liabilities under consideration as well

as the amounts to be recovered represent payments extending over a long future period.

8. The apportionment shown in Table 2 is based upon the capitalised liability for pensions, &c., of each part of the British Empire as governed by its own scales and administrative methods. This liability has been actuarially ascertained for the present purpose and with the nearest possible approach to exactitude: it is adjusted where necessary to bring all the items on to the common basis of the British pound at the current rate of exchange, but otherwise exhibits directly the liability undertaken. It is thought that the actual figures brought out by the valuation will be of interest to the several Governments concerned, and these are accordingly included in the table.

TABLE 2

				Capital Value of Pensions, &c.*	Percentage of the Total.
				£	
United Kingdom	..	..	..	1,371,244,000	84·95
Minor colonies	..	..	..	537,000	·03
Canada	..	..	..	82,303,000	5·10
Australia	..	..	..	96,000,000	5·95
New Zealand..	..	..	..	39,933,000	2·47
South Africa..	..	..	..	13,319,000	·82
Newfoundland	..	..	..	2,184,000	·14
India	..	..	..	8,643,000	·54
Total	..	..	..	1,614,163,000	100·00

* These amounts do not include certain minor items, not appreciably affecting the totals, the values of which it was found impracticable to assess.

9. If it be determined that the apportionment should be governed by the relative money burden of pensions, &c., in the several communities concerned, the basis of apportionment provided by Table 2 is, it is believed, the most precise that is attainable, regard being had to the many and, to some extent, uncertain factors involved. Arguments in support of the adjusted Treaty basis (Table 1, Column C) as against this alternative basis may acquire strength from the fact that the assessed liability of each part of the Empire on which Table 2 is based is the result of the independent action of the Government responsible, exercised with reference solely to the circumstances of its own people and its own economic conditions. In view of the criticisms to which any strictly financial basis appears to be open it may be useful if a basis of a different kind be submitted. Such a basis might be found, it is suggested, in the relative military efforts of the several communities as expressed, for example, by their casualties (deaths and wounded). Such a basis as this would be wholly free of complication, and while ignoring such considerations as the higher rates of pensions and allowances in certain of the Dominions as compared with the United Kingdom would disregard such a considerable factor operating in the contrary direction as the difference between the proportions of widows to death in the several parts of the Empire. An apportionment by the numbers of casualties (as supplied by the War Office), modified, however, to secure to India and the minor colonies the capital amounts indicated by the previous apportionments, results as follows:—

TABLE 3.

				Casualties.	Percentage of Total Sum Apportioned.
United Kingdom	..	..	..	2,391,167	82·25
Minor colonies	..	..	..	(Otherwise calculated)	·03
Canada	..	..	..	206,622	7·11
Australia	..	..	..	211,102	7·26
New Zealand..	..	..	..	56,903	1·96
South Africa	..	..	..	21,068	·72
Newfoundland	..	..	..	3,715	·13
India	..	..	..	(Otherwise calculated)	·54
Total	..	..	..	..	100·00

II.—*Separation Allowances.*

10. The sum included for the British Empire in respect of this item in the Allied claim, as submitted to Germany, was 3,930 millions of gold marks.

11. It is understood from the War Office that this sum was arrived at by applying the average daily French rate of allowances per man to the actual average number of troops (effective strength of the United Kingdom in each year, together with the estimated average number of Dominion effectives). Owing to the absence of Dominion statistics at the date when the claim was prepared the estimate of the number of Dominion troops was necessarily only approximate. Further, the claim made no allowance for the variations in the family condition of the troops of the several parts of the Empire, the proportion of married men amongst the United Kingdom forces being approximately twice as great as that obtaining for certain of the Dominions. As regards India, a claim was admitted based on the daily rate allowed to these French troops corresponding to Indian native troops, the fact that native troops do not receive separation allowances does not, of course, affect the claim under the Treaty. Although the sum of 128,997,023 francs was claimed on behalf of India in respect of separation allowances, the only sum charged to India revenues during the war on this account was £33,800, which was the sum disbursed up to the 10th January, 1920. As shown in paragraph 4, in discussing the apportionment of the pensions receipts, to use the proportion in which India is represented in the separation allowance claim as the basis of apportionment, would allocate to India a wholly disproportionate amount, and one far exceeding the liability incurred by India.

12. Although not recommending for adoption as a basis of apportionment, the following table shows the proportionate share of each part of the Empire in the total Empire claim for separation allowances as actually presented. No sum was actually included in the claim in respect of the minor Colonies, and the proportion allocated to the United Kingdom has been reduced to provide the share of the minor Colonies :—

TABLE 4.

United Kingdom ...	...	...	...	85·36
Minor Colonies ...	...	..	...	·04
Canada ...	..	..	...	6·64
Australia ...	...	...	...	4·72
New Zealand ...	...	..	...	1·19
South Africa ...	...	...	...	·27
Newfoundland ...	...	...	...	·08
India ...	...	...	...	1·70
				<hr/> 100·00

13. The proportions appearing in Table 4 would have a stronger claim to consideration as a suitable basis if the disproportionate sum adopted for India were adjusted to bring it into relation with the facts above indicated. Accordingly, Table 5 has been prepared showing the share of each part of the Empire on this basis.

TABLE 5.

United Kingdom ...	...	...	...	86·82
Minor Colonies ...	...	...	...	·04
Canada ...	...	...	...	6·75
Australia ...	...	...	...	4·80
New Zealand ...	...	...	...	1·21
South Africa ...	...	...	...	·28
Newfoundland ...	...	...	...	·09
India ...	...	...	...	·01
				<hr/> 100·00

14. Tables 4 and 5, however, fail to take into account certain considerations which will probably be deemed both relevant and important in fixing the basis of allocation. They make no allowance for the different scales of allowances obtaining

in different parts of the Empire, nor for the differences of exchange which exist: and, as has been already indicated, they fail to give effect to the very significant differences in the proportion of married men in the forces of the several parts of the Empire. Table 6 has accordingly been prepared on the basis of the actual disbursements in separation allowances of the several parts of the Empire as supplied by the Governments concerned. In the case of Canada and Newfoundland, the actual disbursements have been converted into British pounds at current rates of exchange; as regards the other Dominions, this adjustment is regarded as unnecessary, as their currency stands practically at par with British currency.

Table 6 therefore indicates as nearly as may be the comparative weight of the separation allowance liabilities met by each part of the Empire, in its independent estimate of its own economic condition throughout the period of the war.

TABLE 6.

				Amount.	Percentage of total claim for Separation Allowances.
				£	
United Kingdom	..	..	..	412,458,000	91·85
Minor colonies	..	..	..	175,000	·04
Canada	..	..	..	25,555,000	5·69
Australia	..	..	..	6,690,000	1·49
New Zealand	..	..	..	3,138,000	·70
South Africa	..	..	..	886,000	·20
Newfoundland	..	..	..	98,000	·02
India	..	..	..	34,000	·01
Total	..	..	..	£449,034,000	100·00

Annex.

SHOWING for each part of the Empire—

- (i.) The number of casualties up to December 31, 1919;
- (ii.) The number of pensioners in principal classes (where available);
- (iii.) The average degree of disability amongst disabled men at date of award of pension (where available).

	Casualties (all Ranks) to Dec. 31, 1919.				Numbers of Pensioners (all Ranks).			Average degree of Disability as at Date of Award.
	Number killed.	Number Wounded.	Colonial Naval Casualties (killed and wounded).	Total.	Disabled Men.	Widows.	Dependants of Deceased Men.	
United Kingdom (including Navy)	717,404	1,673,763	..	2,391,167	1,182,000	230,321	381,512	Per cent. 50·0
Australia ..	58,146	152,171	785	211,102	95,255	9,752	29,181	67·6
Canada ..	56,399	149,732	491	206,622	52,981	11,535	8,105	36·6
India ..	53,786	63,657	..	117,443	..	..	..	..
Minor Colonies	497	810	..	1,307	..	..	..	..
Newfoundland	1,204	2,314	197	3,715	1,662	86	230	56·8
New Zealand ..	16,136	40,749	18	56,903	34,323	1,896	5,911	71·0
South Africa ..	8,709	12,359	..	21,068	15,377	1,557	2,819	43·4

SECRET.

E (R). 2nd Meeting.

STENOGRAPHIC NOTES OF A MEETING OF REPRESENTATIVES OF THE UNITED KINGDOM,
THE DOMINIONS AND INDIA, HELD IN THE BOARD ROOM, TREASURY, ON WEDNESDAY,
JULY 13, 1921, AT 3-30 P.M.

Present :

The Right Hon. Sir ROBERT HORNE, G.B.E., K.C., M.P., Chancellor of the Exchequer
(*in the Chair*).

The Right Hon. A. MEIGHEN, K.C., Prime Minister of Canada.	The Hon. Sir THOMAS SMARTT, K.C.M.G., Minister of Agriculture, Union of South Africa.
The Right Hon. W. M. HUGHES, K.C., Prime Minister of Australia.	The Right Hon. E. S. MONTAGU, M.P., Secretary of State for India.
The Right Hon. W. F. MASSEY, Prime Minister of New Zealand	His Highness the MAHARAO OF CUTCH, G.C.S.I., G.C.I.E.

The following were also present :

Mr. G. H. MITCHELL, Canadian High Commissioner's Office.	Sir B. P. BLACKETT, K.C.B., Controller of Finance, Treasury.
Sir HENRY LAMBERT, K.C.M.G., C.B., Colonial Office.	Mr. H. E. FASS, Treasury.
Mr. A. L. SAUNDERS, C.S.I., Financial Department, India Office.	Sir ALFRED WATSON, K.C.B., Govern- ment Actuary.
Mr. P. J. GRIGG, Treasury.	Mr. R. W. STURGEON, Government Actuary's Department.
	Sir VICTOR WARRENDER, Treasury.
	Mr. H. B. JENKINS, Reparations Depart- ment, Board of Trade.

Secretariat :

<i>United Kingdom.</i>	<i>Australia.</i>
Colonel S. H. WILSON, C.B., C.M.G.	Mr. M. O. SHEPHERD.
Mr. R. B. HOWORTH.	
<i>South Africa.</i>	<i>India.</i>
Mr. G. BREBNER.	Mr G. S. BAJPAL.

Reparations.

Sir Robert Horne: I think I might possibly make a suggestion which we could discuss, and then we might see what Mr. Meighen thinks about it when he arrives.

It is impossible to get at any scientific valuation of the proper method of distribution of reparations. I am perfectly certain of that. One has only to remember what it is we are attempting to divide. We are proposing to distribute the 22 per cent. of German indemnities that comes to Britain—when I say Britain I mean the British Empire, of course. That 22 per cent. is the roughest possible figure. It was not arrived at upon any really scientific basis or any meticulous calculations.

Mr. Massey: It is not supposed to be quite accurate.

Sir Robert Horne: It cannot be accurate; it is impossible that it should be. The division is, France gets 52 per cent. as against Britain's 22 per cent., and nobody suggests seriously that that is an accurate estimate of the extent to which each of the two countries should be indemnified. Accordingly I do not think that we ought to attempt here to arrive at anything which is accurate. All we can do is to take a rough axe and divide as nearly as we can, looking at the thing from a general point of view.

*Suggested method
of distribution of
the Empire's
Reparation
Receipts.*

I do not know whether this suggestion will meet with your acceptance, that, instead of going into each of these items separately, we should attempt to arrive at something that on the whole would give a more or less convenient distribution of the 22 per cent. of reparations which comes to the British Empire.

(At this point a document headed "Distribution of British Empire Reparation Receipts," was handed round. Appendix.)

I do not know whether you have also before you the larger table which shows the amount for each of these items taken separately, which is headed "Reparation Receipts under the Treaty of Versailles."* If you look at the larger document you will see that under each item there is a certain percentage given to each of the portions of the British Empire, and in the final column there is a table which gives the following totals: United Kingdom 88·16 per cent., the minor Colonies ·77 per cent., Canada 3·88 per cent., Australia 4·04 per cent., New Zealand 1·57 per cent., South Africa ·55 per cent., Newfoundland ·10 per cent. and India ·93 per cent. making in all 100.

The smaller document which I have now circulated makes a readjustment of that not upon any basis at all, but making a readjustment of the figures so as perhaps to make the distribution more plausible and to arrive at some kind of rough method of treating the matter. By this method the percentage of the United Kingdom is slightly reduced, with the effect of bringing up Canada and the minor Colonies, and New Zealand and South Africa, Australia losing a very small percentage. You can see that the result is to bring Canada and Australia to the same share of the reparation money, New Zealand getting rather less than half of either of them, and South Africa between one-sixth and one-seventh. What I venture to suggest is, that we might look on this matter in the rough and might discuss whether, on the whole, we cannot say, taking it in the rough, that Canada and Australia should get about the same share, and New Zealand a little less than half of either of them. If we can agree upon that in a general way, it seems to me that we should be getting much nearer to an end of this discussion. If we discuss the matter as we did the last time we were here, we shall be sitting here for ever, and never get through it. I do not know first of all whether this method of dealing with the matter will commend itself to this Committee or not; and in the second place, whether the figures more or less will be accepted. What do you think of this plan of dealing with it, Mr. Hughes?

View of Australia.

Mr. Hughes: The more I go into the matter, the more am I bewildered by the manner in which the totals have been arrived at. I am referring now not to the rough estimates which you spoke of as having been arrived at by considering what would be, on the face of it, a plausible division—to use your own phrase. I am speaking of these other schedules which are set out under the various tables.

Sir Robert Horne: You mean the tables we dealt with on the last day?

Mr. Hughes: Yes. There are five of them, I think. I stated, when we were discussing this matter last, that I should like to have an opportunity to look into

Corrigenda.

Page 3 : 12th line from bottom of page, for “ those ” substitute “ the casualties under 20 per cent. of disability.”

Page 3 : 9th line from bottom of page, delete “ battle.”

the figures upon which these calculations were based. I am bound to say that I have not been able to get everything that I could desire, but I have received some information both in respect of pensions, separation allowances and casualties, which were the two bases upon which we were to settle the matter, or which were presented for consideration. In both of those I see that inaccuracies have crept in, so that any calculation based upon the figures supplied will afford us no opportunity for comparing the proper and just claims of each Dominion. I do not propose now to address myself to any one of these suggested bases of settlement—pensions and separation allowances on the one hand and casualties on the other. I merely wish to say that the figures that I have received show that the calculations if dependent upon those figures would not give the percentages set out opposite Canada, New Zealand and Australia. Therefore I have to consider what has to be done. You will readily understand, Sir, as the function of your office is concerned with money, that notwithstanding what may be said about the importance of other things, that it is upon the wings of finance that nations move, and if they are to avoid the bumps and the débris of this solid earth they must have money to rise into the upper air. We cannot agree to any division that does not take into proper and strict account the circumstances of the various Dominions, and of Australia in particular, of course.

Referring to Table 1, and to the three lines in the memorandum which immediately precede it, I desire to call your attention to the fact that we are told in this official memorandum (E 26), presented to us for consideration, that, subject to this adjustment—meaning thereby the adjustment of the rupee to the rate of exchange—the allocation in Column C on Table 1 is strictly in accordance with the basis of the claim laid down by the Treaty. Under that Australia is allotted 7.84 per cent., Canada 3.24 per cent., New Zealand 2.78 per cent and India .54 per cent. In Column B, Australia is offered 7.57 per cent., Canada 3.13 per cent and India 3.93 per cent. Strictly speaking, and if we are to stand by the letter of the bond, we are told that it is Column C of Table 1 to which we must have regard. I express my willingness, and indeed my desire, to see India treated on the same basis as other parts of the Empire, and, although I say this without prejudice, I am prepared to accept Column B, but I am not prepared to do so without a further examination of the figures, which I believe will show that Australia is entitled to a still higher percentage than that. Certainly, if we look at the casualties it is obvious that no fair basis of calculation is offered because Canada has included in her calculations of casualties those involving under a disability of 20 per cent. 72 per cent. of her total casualties are under 22 per cent., while only 1.66 per cent. of Australian casualties are under 20 per cent. It is obvious that with such a wide disparity it is impossible to have any basis upon which you can make a comparison.

Reparations.

Difficulty of obtaining accurate basis of calculation.

Divergence in method of calculating casualties.

Sir Robert Horne: That is obviously because the Canadian Medical Boards and the Australian Medical Boards must have operated upon entirely different estimates of disability.

Mr. Hughes: Yes, but if you are going to take casualties you must have a uniform method, and I submit the method should be disability resting upon a common basis. If you are going to say that Canada's disability includes 46 per cent. who are under 10 per cent. of disability, and a further 26 per cent. under 20 per cent., 70 per cent. of casualties included by Canada are excluded from the Australian list. Very well, if you do include these, and we have as much right to do so as other part of the Empire, if you are to base it upon justice and estimate the loss a country like Australia upon the disability of its fighting men, we must include those, and there must be added to Australia's casualties an additional 70 per cent. to adjust our figures to the Canadian denomination.

It is an impossible thing to suppose there can be this difference, unless one Dominion's battle casualties were received at a safe distance in the rear, while the other did the fighting at the front. This could not have happened, and the whole thing, as you say, arises from the different methods adopted by the Pensions Boards. I submit that ours is the more equitable; when a man is not injured beyond 20 per cent. regard must not be had to it. And in the circumstances therefore I stand on column "C," or at any rate on column "B" of Table 1. I shall be prepared to go into figures as far as I have them, but I might point out that the money Canada spent on pensions, &c., last year was £13,000,000, while we spent £22,000,000. The separation allowances and pensions for the year amount to £8,299,000 for Australia

Reparations.

and £1,113,000 for New Zealand, but looking into the percentage for the two Dominions we see that these give Australia as 7 per cent. to 2 per cent. for New Zealand, but the actual figures show at least 5 to 1 is as 6 is to 1. I have no option but to stand by column "B." I want to do justice to India with a right to examine the figures and to adjust them in such a way as to enable the actuaries to arrive at a basis calculated on the monies actually paid. In addition to the figures I have quoted, we paid nearly £7,000,000 for repatriation, monies which are not recoverable. But I have left this large item out entirely. I do not press them.

View of
New Zealand.

Mr. Massey: I am afraid, Sir Robert Horne, that we are not getting much closer to an understanding or settlement of the difficulty that appears to have arisen. So far as I am concerned I am pressing no claim on behalf of New Zealand for land settlement, for homes for soldiers or anything else except the actual payments by way of pensions and separation allowances. I do not know that I have had sufficient time to go into all the figures submitted to us, but the other day, when we met, the column that appealed to me was the column mentioned just now by Mr. Hughes—column "C" on Table 1. If we are not agreed upon the basis upon which the calculation ought to be made I do not think we shall be very far out because then it would be a matter for the actuaries. It appears to me that there are three methods of calculation (1) on the Treaty basis I am prepared to stand upon that; I am prepared to accept that and leave it to the actuaries to say what will be the amount coming to New Zealand. If there is any objection to that I fall back on the liability. Personally, I do not know of any fairer; I believe the Treaty basis will give New Zealand a little more than we should receive if paid on the actual liability, and I cannot think of any fairer way. The other suggestion that has been put forward is that the payment shall be made in proportion to the casualties. I think that would be absolutely unfair. I think it would probably work out very unfairly, and consequently would not give satisfaction in our country or in Australia, whatever the case may be for Canada, and of that I cannot speak. I come back to where I started, and I do not think I shall be able to get away from this; I prefer payment on the Treaty basis, the basis laid down in the Peace Treaty and which was intended should be a guide to us in arriving at the amount which should be forthcoming, and the proper allocation of it.

The Treaty Basis
preferred.View of
South Africa.

Sir Thomas Smartt: We discussed that the other day, and I think we arrived at one main conclusion, that whatever the distribution of amount might be no State should certainly get more than the absolute amount they paid. In that case, column "B" of Mr. Hughes would come out entirely wrong because I understand, no matter what column you take, on the basis of the Indian pensions, and realising the difference in the value of money to the recipients of those pensions, India would work out on either of those calculations at about .54. As far as we in South Africa are concerned I do not wish to press the point; I think we should have had a statement from the War Office as to what is included in casualties. I think perhaps malarial fever is perhaps one of the heaviest causes of casualty within the Union, and this is not included in casualties. A large number of our men were for a long time in the East African campaign, and we are paying the largest amount of pensions to these men, a larger amount than is being paid to those who fought in France with the Brigade. I think there was a suggestion the other day that we might have taken the capitalised value of the pensions and the casualties adding them together and dividing them. Why that appealed to me was, without knowing the circumstances of the manner in which these figures were arrived at, it seemed manifestly unfair to Canada in that first Table that she should get such a small amount when she put such a large number of men into the field, and had such a large capitalised pension account and a large casualty account. There must be something wrong in Table 1. If you look at columns A, B and C you will see that Canada has 3.13 and 3.24, Australia 7.57 and 7.34, and New Zealand 2.58 and 2.78, and South Africa .90. Whether it is worth while raising the question of how a casualty is arrived at now I do not know. I think we should certainly arrive at a common agreement; we shall be working on this for ages and never reach a conclusion. I am willing to do any adjustment which is fair.

Sir Robert Horne: Mr. Massey, would you be willing to accept what Sir Thomas Smartt suggests—capitalised pensions?

Mr. Massey: No, I will not accept that. I will accept the Treaty basis or the Liability basis; either would suit me.

Sir Robert Horne: Mr. Hughes, would you be content to accept the capitalised liability basis in each country? Reparations.

Mr. Hughes: Capitalised value of the pension?

Sir Thomas Smartt: I take it that we are dealing with pension alone in this table.

Sir Robert Horne: At this moment we are.

Mr. Hughes: I do not know that I can say what that means.

Sir Robert Horne: It means this, accumulating the whole of your liability for pensions; it would be capitalised at £96,000,000.

Mr. Hughes: But why on our old scale of pensions?

Sir Robert Horne: It is on the latest scale that the Australian Commonwealth furnished to the Government

Mr. Hughes: I happen to know it was based on the old scale.

Sir Robert Horne: Supposing we adopted the principle suggested, subject to correction of the figures.

Mr. Hughes: I shall be willing to consider that, but I must have a little time to consider the matter. I do not know where it leads me; if I were only speaking for myself it would not matter, but I am speaking for a country.

Mr. Meighen: I have thought it out. I do not see how you can, for this reason. View of Canada.
I explained the difficult case that Canada is in if they give their pension scheme and that is capitalised out, but the fact is we are paying practically double that scale, but we do not say we are going to do it permanently; we have allowed one bonus on the pension, then another, then another; in fact, we have three of them. The gross pension is practically double what our scale is. We had a Committee this session, a joint Committee from all sides of the House, to see if we should take off one of these bonuses this year. We decided not to; next year we may take it off, or the year after, or we may take none of them off. How can you capitalise pensions? If we have a system of commutation, one country will have one system of commutation and another country another system. We give a man the option of taking so much money if he is within a certain percentage of casualty, which saves the country a great deal and the man gets the benefit.

Mr. Massey: It is the capitalised value of the pension?

Mr. Meighen: No, it is less, and it would depend on how the money had been applied as to how it would total up in the capitalisation. Then, coming to the sphere of re-establishment. I do not think you can capitalise this in Canada. Although I gave two reasons which seemed to be conclusive, but getting on to re-establishment we have all manner of systems there. We have a system of bonuses while they are at work.

Mr. Massey: I am making no claim as to re-establishment.

Sir Robert Horne: Nobody is including these things.

Mr. Meighen: I know that, but you cannot help it if you are going to try and compare these things, because it depends on what you do in this respect how your liability totals up.

Sir Robert Horne: I would like to say this again: we are not trying to get scientific division, and this is only one item in a series of items involving a percentage at the end as to how we should divide out over the different parts of the Empire.

Mr. Meighen: We shall be a 100 per cent. out in pensions. Yes, because our capitalised value will be just 100 per cent. of what we may claim. I do not see anything to do except that it may be this. You can take the casualties. That is satisfactory. I know there is an objection, but you could never be 100 per cent. out; you might be up to 15 per cent. out, because of the fact that the casualties in a certain class of one country might be greater in a like class with another country, and that class might be the heaviest in point of liability.

Mr. Massey: Taking casualties, a country might receive a great deal more than it pays.

Mr. Meighen: You might have to make a correction on that. Anyway, you could cut it out; or you could get Australia and Canada alike, and if the other people

Reparations.

agree it would be satisfactory. That would appeal to our country as right, or you might take casualties, and you might take a certain scale of pensions and apply that same scale to the casualties in each class of all countries.

Sir Robert Horne: Well, I suggested before you came in, Mr. Meighen, that we might start upon a general principle, that practically Canada and Australia should be put on the same footing, that is to say, 4 per cent. each, and that New Zealand should take rather less than half.

Mr. Massey: To put Australia and Canada on the same footing and give New Zealand a half, but that is a rough and ready way.

*A rough and ready
method of division
more easy to
defend*

Mr. Montagu: May I say this conversation carries me back to the spring of 1919 in Paris, where we had exactly the same problem and exactly the same conversations, that is to say, to try and divide the German indemnity between the Allies. I was in this, and I had meeting after meeting with the French and the Americans for months when we were trying to arrive at a scientific basis just as we have been trying round this table; we failed, and eventually we had to get in a rough and ready method, such as Sir Robert has suggested this afternoon, as the best that we could do. Each country knew the sort of thing that its constituents would expect to get, and they gave and took, to get some colourable, but wholly rough and quite unscientific basis, and that was the origin of the final 22 per cent. I do submit, with that experience in my mind, that the suggestion of the Chancellor is worthy of a little more consideration, and I think so particularly because of the difficulty which I wholly admit on account of the country which I represent. I do not want to ask for a sum which is largely in excess of the money which we have actually spent, although, let me say in passing, that I regard our scale of pensions as shockingly low—it is so low because we could not afford more—and if we get any money in this scheme I shall do my best to see that it is used not in relief of the taxpayer, but to increase the scale of pensions, so that it comes more nearly to the Dominions scale. Therefore, we are going to be penalised for our poverty under the system of pensions. I could consent quite easily to a lump sum which I could justify as being the best that I could do in the circumstances, to come into a common scheme, but if I have got to agree to a calculation on a scientific basis then it is my duty to those whom I represent to go into all sorts of details. For instance, I understand these figures are calculated on the basis of a 1s. 4d. rupee exchange; I think that if we are not entitled to a 2s. rupee gold exchange, at any rate we are entitled to a 2s. rupee sterling exchange, which would alter the figures to our advantage. Secondly, as I suggested at the last meeting, I cannot take—if it is a scientific calculation it is so difficult for me to take a different basis calculation to the Dominions, even though it gives me more money than I am entitled to, but if it is a lump sum I can take into account those things. Your suggestion, to my mind, seems to be simpler from the point of view of India and it seems to me to give, in the light of the experience we had with the Allies, a greater chance of coming to a decision soon.

*Cost of Armies
of Occupation.*

Sir Robert Horne: How does that commend itself? That we should really try to arrive at a single percentage over the whole region of pensions, separation allowances, damage to property, shipping claims, partly as to hulls and partly as to cargoes. Then outside of these things, there is another element, which is the amount to be paid for the armies of occupation.

Mr. Meighen: That is outside the 6,600 millions.

Sir Robert Horne: That is so. It is an extra item.

Mr. Hughes: They have to pay it?

Sir Robert Horne: They have to pay it, but it is not included in the 6,600 millions.

Mr. Hughes: That money the Belgians had, was that in addition to reparations?

Sir Robert Horne: Yes. It is part of the 6,600 millions but it is a prior claim.

Sir Basil Blackett: The repayment of the Belgian debt, incurred during the war, is separate.

Mr. Massey: Does not that raise the question as to the armies of occupation being separate?

Mr. Hughes: You have raised another claim now, Sir Robert. This army of occupation calculation here gives £624,000 to New Zealand and £1,388,000 to Canada—and a thousand to us.* Reparations.

Mr. Meighen: A thousand pounds?

Mr. Hughes: Yes, a thousand pounds. Of course, we are a very poor and humble people, and I a very impoverished individual, but I think I could manage that myself. It is an impossible amount. Our men, like yours, were soldiers; they obeyed orders; they went where they were sent, by the mere accident of circumstances ours were retained in France, and yours were sent to Germany. However, there it is. A soldier must go where he is told, and we had to maintain them. While you are to be recouped.

Mr. Meighen: Why were they maintained in France if they were not needed for the army of occupation?

Mr. Hughes: It was based on the number in Germany.

Mr. Meighen: Why were they not taken home?

Mr. Hughes: You cannot send 400,000 men home in a few weeks. We sent them home as quickly as possible, but of course we had to maintain them until they could be sent home. Ours were in Europe as long as yours—in fact, longer, probably—because we had to send them further. That is a charge upon us which you will escape, because you happen to be a few miles near than us, and they were sent there.

Mr. Meighen: Your suggestion is that it would apply to Britain, too?

Mr. Hughes: If it were based on the number of troops in Europe—Germany, France and Belgium—Britain would get, about I suppose, $1\frac{1}{2}$ to 2 per cent. less than she gets now. That is all. You would lose, and New Zealand would lose.

Mr. Massey: I cannot afford to lose. I believe New Zealand has spent more money on returned soldiers than any other country in the Empire, not excepting the United Kingdom.

Mr. Hughes: It may be so, we have spent very much more per head than the United Kingdom. I do not admit that you spent more than Australia, but I will not enter into an argument on the matter. I say your soldiers, like ours, were under the orders of their commanders; they were sent because they were told, and it appears that the maintenance of yours is to be borne by Germany, and the maintenance of ours by Australia.

Mr. Meighen: This was communicated to the Canadian Government many months ago, *i.e.*, the position Australia takes, and a reply was sent, and from recollection, I rather think, we acceded.

Sir Robert Horne: Well, I think, if I may express a *prima facie* view, that it does seem to me rather inequitable that the troops which were compelled to be kept on the continent, but simply did not happen to be used for the armies of occupation, that that circumstance should rob the country that sent them of using part of the reparations for the up-keep of the occupation troops. It looks to me so.

Mr. Hughes: It is not suggested for the moment that the troops in Germany were occupying a dangerous position, and I, myself, told Sir Henry Wilson that our troops were available. I told him so in a letter to which I had an answer.

Mr. Montagu: Does this include the army of occupation in Turkey?

Sir Robert Horne: No, it is only what Germany has to pay. (Passing a paper to Mr. Massey.) That is how the figures were arrived at. I do not know whether you have seen this or not.

Mr. Massey: This is the army of occupation only. I think if we could clear this question up, we could get on further.

Mr. Hughes: I think I ought to say, Sir Robert, that I am given to understand—I do not know myself—that the British Authorities are quite willing that we should be paid on this second basis, the number of troops quartered in France, Germany and Belgium.

Mr. Meighen: Because it does not affect them much.

Sir Robert Horne: It affects us only to the extent of £300,000.

* See Appendix to Paper No. E 45.

Reparations.

Mr. Hughes: Oh, yes, it affects them a good deal. They lose £319,000.

Sir Robert Horne: Yes. It is rather a matter for you others; we are perfectly favourable to it.

Proposal to settle on a Capitalised Basis.

Sir Thomas Smartt: As you do not seem to have any real basis upon which everybody agrees, if you were to settle the pensions first on the basis of the capitalised amounts of each State, which really you have in column 2—it is true there is a note to say there must be some little differences—I take it that is roughly the amount of the capitalised value of the pensions of the various States?

Sir Robert Horne: Mr. Meighen says it is not.

Mr. Meighen: You would be 100 per cent. out.

Sir Thomas Smartt: I see with regard to Canada that the capital value of pensions is £12,300,000.

Mr. Meighen: That is fixed pensions. We pay double that in the form of bonuses.

Sir Thomas Smartt: I think all the other States do. We pay a lot of money for other things, but they are not capitalised. We capitalise the actual pensions paid under the Pensions Act, as the United Kingdom has done.

Mr. Meighen: Supposing your bonus turns out to be permanent?

Sir Thomas Smartt: If you like to do extra liberal things, each State should bear it. To most of the men who have been at the front we give two years' agricultural training, and give them 3s. a day during training. All soldiers have been placed on the same basis.

Mr. Meighen: But if you take pensions alone you will be 100 per cent. out. What is the use of taking the pension of one country which includes all pays, and another that only includes half that it pays.

Mr. Massey: Just look at this: here is this latest proposal by which New Zealand loses £460,000, and Mr. Hughes gains £499,000. I congratulate Mr. Hughes, but I am sorry for my country.

Mr. Hughes: You can please yourself what you do, Mr. Massey, but it is not fair to Australia that we should have £1,000 against £400,000 for New Zealand.

Cost of Armies of Occupation: Suggested Arbitration.

Mr. Massey: No, I do not think it is. I am prepared to let it go to arbitration, if we can agree upon arbitrators. We shall never settle it here. It is the most undignified squabble anyhow. I do not think the Prime Ministers should be expected to do a thing like this.

Sir Thomas Smartt: I agree that arbitration will be the best solution.

Sir Robert Horne: I tell you what I am willing to do, Mr. Massey, in order to get a settlement of this. If we can get a settlement of the army of occupation question, we can settle other matters more readily. The Imperial Government loses £318,000, which is a small proportion of the total, the total being £14,684,000. I am willing to take half of your loss, Mr. Massey.

Mr. Massey: Let us see how that will work out. It means our losing £230,000.

Sir Robert Horne: It means that you lose £230,000, yes.

Mr. Massey: I cannot justify it; that is the trouble. If it was only myself, there would not be so much difficulty, but I have to justify this to the public.

Mr. Meighen: You mean you could not justify the United Kingdom taking half your loss?

Mr. Massey: If they will take three-quarters of the loss, I will say yes.

Mr. Hughes: Your suggestion was made on the basis that Canada and Australia got the same.

Sir Robert Horne: I was coming to that afterwards. I thought we had better get this out of the way about half the cost of the army of occupation. Shall we take the army of occupation first, and then get on to that?

Mr. Hughes: What are we to fall back on? We must know where we are. I think we should consider the whole position. I say I am willing to consider the proposal. Mr. Meighen says he will take the basis of casualties; Mr. Massey says he will not do that. Sir Robert Horne puts forward a proposal on a different basis which gives you (Canada) 4 per cent., and I think Australia 4 per cent. What I want to ask Sir Robert now is, if we can come to an understanding amongst ourselves in regard to the Army of Occupation, where do we fall back on to casualties or Sir Robert's proposal? Reparations.

Sir Robert Horne: I understand Mr. Meighen would be willing to accept an arrangement by which Canada and Australia got the same, whatever that might be.

Mr. Hughes: I will agree to that if we can get an understanding on the Army of Occupation.

Sir Robert Horne: The Army of Occupation was composed partly of British troops from the United Kingdom, partly of Australians, partly of New Zealanders, and partly of Canadians.

Mr. Massey: This is the point I want to get at; do you include troops that could not get back because of the want of shipping, and things of that sort?

Sir Robert Horne: They are not included in the armies of occupation in the strict sense, but then, on the other hand, here is Australia with a considerable body of troops in France and Belgium, and it is only a matter of accident that they do not form part of the Army of Occupation.

Mr. Massey: That is not answering my question. Were these troops left there because there was no shipping to take them away? Our men wanted to get home, but could not do so.

Mr. Hughes: If they had not stopped you would not have got this.

Sir Thomas Smartt: There were other troops as well as these that could not get back. The South African troops were delayed a considerable time. Those who had interests in shipping got their men back quickest.

Sir Robert Horne: The table I have shown you is worked on the basis of taking each portion of the Empire which had troops actually in the Army of Occupation, and taking this, they included the Imperial Government, Canada, New Zealand and Australia. South Africa had no such troops.

Sir Thomas Smartt. Our troops were in France waiting to return, but they could get no shipping.

Mr. Meighen: Then they come under the second head.

Sir Robert Horne: There are no South African troops here.

Sir P. B. Blackett: I imagine they took just those parts of the Empire which had claims on the Army of Occupation, but instead of basing their claims on the troops, they based them on their troops in Belgium, France and the Army of Occupation; and no claim was sent in from South Africa.

Mr. Massey: It is a very great pity that Ministers from overseas should be expected to do this sort of thing. It is humiliating.

Sir Robert Horne: Well, Mr. Massey, I will take three-quarters of your loss.

Mr. Massey: All right, I accept.

Mr. Hughes: I do not want to be hanging about over this; if you take three-quarters we will take one-quarter.

Sir Robert Horne: Mr. Massey is content to take the one-quarter himself. We will fix up that upon that basis.

Mr. Hughes: That is £953,000, minus one-quarter of Mr. Massey's loss—that is £115,000.

Sir Robert Horne: Are you taking this quarter from me, Mr. Hughes, or from Mr. Massey?

Reparations.

Mr. Hughes: No; I am assuming that, readjustment having been made, you are willing to take this sum. I do not know where Canada is now.

Sir Robert Horne: Canada comes down naturally to \$1,212,000.

Mr. Meighen: I do not like it. I thought the Government had agreed to that. I do not like the responsibility of taking this figure.

Sir P. B. Blackett: I understood that the Canadians were willing to agree to what is done round this table.

Sir Robert Horne: Let New Zealand bear her quarter, I will take the other three-quarters, and you the Canadian.

Mr. Meighen: No, that would not do. If you took half the Canadian, I do not know whether I should ask for that. If it is right, it is right; but I would not like to say take one-half. If, however, it is right, let it be so.

Mr. Massey: I think it would be a fair suggestion.

Mr. Meighen: Was there any extra hardship entailed in the march into Germany? Of course there might have been ructions too.

Mr. Massey: They took the risk, certainly.

Mr. Meighen: I will make it one-half; I think that will do.

Sir Robert Horne: Then take half Canada, and the United Kingdom takes three-quarters of New Zealand.

Mr. Massey: That seems fair.

Sir Robert Horne: This lets you off cheaper. You were taking £115,000. If you are taking one-half of the Canadian, you are only taking £85,000.

Mr. Hughes: That suggestion was not made to me, I do not hear that.

Mr. Meighen: I have some hesitation in accepting it. You can put it the other way; the United Kingdom give us one-half, and you take one-quarter. I shall have a little difficulty in explaining to the Canadian Parliament why New Zealand is compensated for three-quarters and Canada for none. What is the ground for the compensation? There must be some ground, or it would not have been done. I suppose there was more hardship entailed for the troops they were on duty instead of on leave. I suppose there is some ground in that, but if there is, it applies to the others. I do not feel too secure in my ground one way or the other. I do not know whether there should be something allowed because they were on duty, or were not. That is the way it was put to us in Canada.

Mr. Hughes: Now, do you mind figuring it out at what that actually leaves us?

Sir Robert Horne: You get £950,000, less £85,000, which gives you £865,000. Perhaps it is better that the United Kingdom should take half of Canada's loss. I think it would be better that it should be done like that, than that Australia and Canada should get mixed up.

Mr. Meighen: I prefer that.

Sir Robert Horne: Half of Canada and half of New Zealand. Take half of Canada and half of New Zealand, and Australia a quarter of New Zealand.

Mr. Massey: It is the other way; the British Government take three-quarters of New Zealand's loss.

Sir Robert Horne: Mr. Hughes is going to take a quarter. That is the best way, I think. You take a quarter of New Zealand, and we take a half of New Zealand and a half of Canada.

Mr. Hughes: That is the figure I said, £830,000 something.

Sir Thomas Smartt: Then you come to the question whether we come in at all in this, because I do not know. I see you dividing the bear's skin in this extraordinary manner. I do not know whether we have a claim which, I have no doubt, the Chancellor would be glad to meet.

Sir Robert Horne: Mr. Meighen asked how we arrived at these figures of distribution which are in this conglomerate table, the one which gives the 4 and the 4. New Zealand 1.6. Now, if you look at this large sheet you will get in the last column the figures upon which we have made adjustments. I tell you how we do this. Separation allowances are measured according to the amounts actually paid in separation. It is a known figure, practically speaking, as distinct from pensions. We know what we have done in separation allowances, and the United Kingdom, having more of the married people, their percentage is enormously greater than the others.

Reparations.
Suggested basis for all remaining items.

Damage to property, non-maritime, including damage to civil persons. We get the bulk of that, and I do not think there is any real question of controversy there.

On shipping hulls there was a question arose practically with Canada, as between Australia and the United Kingdom, and New Zealand and South Africa and the United Kingdom there was no difficulty. The calculation is based upon the port of registry of the vessels. Canada, I think, rather questioned that principle, and maintained that it ought to be according to the domicile of the company. That gave rise to horrible difficulties, because if you take your company it is composed of people of varied races and varied climates and varied nationalities. You get, as the list of the owners of a ship, people who are all over various countries, and therefore you could not really arrive at any way—

Losses on Shipping Hulls.

Mr. Meighen: The shareholders, but not the company.

Sir Robert Horne: I agree, but the only ground for taking the domicile of the company is because the shareholders are the people who have got the beneficial interest but in point of fact, in a company you have the people getting the beneficial interest spread all over. If you take some of these companies that one knows of—the White Star, for instance—a great many of the people would be American.

Mr. Meighen: What are you taking?

Sir Robert Horne: The port of registry of the vessel.

Mr. Meighen: The Canadian Pacific register the vessel here. That would be your loss, not ours.

Sir Robert Horne: Certainly, if they register the vessel here, and the reason why a vessel is registered here is that then all the obligations owed by that vessel are owed by the country with which she is registered—all the obligations to the crew, &c. Suppose the crew are entitled to workmen's compensation; it is at the port of registry, for the most part, that the crew is obtained, they are collected there, and it is there that the obligation is owed to them. It means that the country that is supposed to get the compensation is the country that is under obligation to the ship and her crew. That is where the obligations lie, and that is the basis upon which we have gone, so far as shipping hulls are concerned. I ought to say this, also, that the Reparations Commission has adopted, after consideration and deliberation, the basis of the port registry. They have done that on their own, without any consultation with us.

Shipping cargoes—I think there is no difficulty about that at all. All cargoes, of course, are the property of the people with whom they arrive. That is the basis upon which the total of distribution has been arrived at.

Mr. Meighen: Did you include damage to property? I see Canada is 1 per cent. Does this include the 30 million dollars loss at Halifax.

Damage to property.

Mr. Fass: It depends upon whether it is a loss accepted by the Reparations Commission. These are the figures of the Board of Trade.

Mr. Meighen: Who set up the Reparations Commission?

Mr. Fass: They are under the Treaty of Versailles. The British representative is Sir John Bradbury.

Mr. Meighen: Who was the Canadian representative?

Sir Robert Horne: There is only one for the whole Empire.

Mr. Meighen: Does he decide between us and you?

Reparations.

Mr. Fass: He did not decide. The Reparations Commission decided. They are an Allied body.

Mr. Meighen: He treated it as a war loss?

Mr. Fass: All your claims were sent to the Board of Trade, the Reparations Claims Department, and this table is merely an addition of the various claims which we sent in as falling within this Treaty and distributed again in proportion. It is mainly, of course, air raid losses and that sort of thing.

Mr. Meighen: I do not see why air raid losses——

Mr. Fass: It is only 1 per cent. of the whole total.

Mr. Meighen: Ours is nothing.

Mr. Fass: Look at the front page of the first document. It only represents 1 per cent. of the total claims. Pensions, 58 per cent.; Separation Allowances, 12 per cent. There is very little in it in any case.

Mr. Meighen: What was coming to my mind, chiefly, was this. You are only getting a part of your loss, a very small fraction in any event, but in the way you have calculated that, are not you getting the whole of that class of loss which you have suffered: Damage to Property, Shipping Hulls and so forth? You are virtually getting the whole thing.

Sir Robert Horne: What was that, again, about Halifax?

Mr. Meighen: A ship carrying T.N.T. collided with another ship. We spent about 30,000,000 dollars. Who would have argued it for us?

Mr. Fass: Sir John Bradbury.

Mr. Meighen: It would not make any difference to him.

Mr. Fass: Oh, but it was part of the British Empire.

Sir Robert Horne: For example, the "Bulwark" blew up, when lying in the Thames. We could not get anything for that.

Mr. Fass: It depends entirely whether it is within the Treaty or not.

Mr. Meighen: In adding those percentages, do not you see the effect? You are getting nearly the whole claim, whereas here we only get a fraction of it. Would it not be fairer to add the total losses in everything, the total capitalised losses in everything, and then take your percentage?

Sir Robert Horne: From an actuarial point of view, is there any difference?

Sir Alfred Watson: It comes to precisely the same thing.

Australian
Shipping Losses.

Mr. Hughes: May I say a word about shipping losses? I do not want to labour the question, but you are aware of the circumstances of Australia during the war. We detached the greater part of our coastal tonnage, and I think some 250,000 to 300,000 tons of our overseas shipping, and these were handed over to the British Government for Imperial purposes. We lost nine vessels—I mean the Government—and if you take the distribution of reparation in respect of shipping on the basis of the port of registry, that would be prejudicial to our right to claim the special consideration which our circumstances demand. I want to know exactly where we stand in regard to all tonnage that we have, ex-enemy and otherwise, whether, in agreeing to this 4 per cent. which you have suggested, we can claim in addition for our shipping losses, or whether the latter are covered by the 4 per cent.

You will understand, we have claims for 300,000 tons of shipping. I do not want to labour the question, but it is of great importance to us. As you are aware, we had to sell our freights for very much less than the world's rates, and we were very severely penalised by reason of our remoteness.

If we agree to this 4 per cent. and we find there are claims unsatisfied and made by anybody—it does not matter who they are—then, I say, I shall be in a most unfortunate position. I cannot say: "This figure has been agreed upon." Supposing I am confronted with this table of 7·84—I think it is—and they say: "Why did you agree to 4 per cent. of 22 per cent. of 16,000,000,000 gold marks?"—that is what I think it is. I should reply: "Because it is the basis on which payment for the Army of Occupation was made." That is one

answer; but if, on the other hand, I have an unsatisfied claim, I cannot stand up in Parliament and defend it because I have agreed really to cut in half, or nearly cut in half, the Australian share of the reparation claims under Table 1, Column C, so I would like to know where we stand in regard to that. Reparations.

Sir Robert Horne: So far as this matter is concerned, Mr. Hughes, it would relate solely to general compensations and entirely exclude the ships which Germany gave up.

Mr. Jenkins: They are, of course, being distributed and being allocated between the various parts of the Empire in respect to tonnage. This is the distribution of money and not of ships.

Mr. Hughes: I know.

Sir Robert Horne: This is a distribution not in regard to any particular losses, you see, because it does not meet particular losses. It is only a division of a rough figure that we have arrived at as between France, Belgium, Italy and ourselves. It is not really an assessment of compensation—not really. When we put down ship hulls, we only put that down as a kind of guide of what we have actually lost, so that I do not think this fund can be looked upon as something you are going to use for the purpose of compensating particular individuals at all. On the other hand, there are German ships to which you are entitled undoubtedly, and I imagine you would use these in making such compensations as might be thought necessary to make to individuals.

Mr. Hughes: Well, I want to make the position quite clear. When the war broke out, the United Kingdom and every other part of the Empire and other Allied Powers seized a certain number of enemy ships. During the war, a number of these stayed in the ports of the United States of America. While we were discussing peace terms, the United States of America took these ships. I think it is fair to say they took them without regard to the Treaty—at any rate, it was independent of any allocation under the Treaty. All that I am anxious to make clear is this, we suffered very heavy losses, much heavier losses than the Dominions nearer at hand, by reason of our remoteness and of our failure to sell our goods at market rates. Does this (1) prejudice our claim for ex-enemy ships—the further allocation of ex-enemy ships; and (2) does it constitute a quittance by the United Kingdom by any authority, judicial or otherwise, of that tonnage that we took from the enemy? These are the two points on which I want some information.

Sir Robert Horne: Can you answer that question, Mr. Jenkins?

Mr. Jenkins: The ships were divided amongst the Allies in proportion to the losses, that is to say, when the prizes within their ports had been subtracted from their losses. Australia, I think, detained about 90,000 tons of shipping, and her losses were, I think, 27,000, or something very small, at any rate.

Mr. Hughes: I do not admit that.

Mr. Jenkins: I will give you the exact figures—it may be 40,000, but I think it was a great deal less, and so Australia was written to and it was suggested that she had only a claim on the other ships. If she had any claim for her losses, it would be adjusted out of the 90,000 tons that she had detained in her ports, and so that was how the matter was left.

Mr. Hughes: Well, it was settled, of course, without reference to us.

Mr. Jenkins: No, no. You were written to—at least, I mean to the Government.

Mr. Hughes: I assure you I never heard of it, and, as I am the Minister in special charge of this, it could not have been decided without my knowledge.

Sir Robert Horne: I think, Mr. Hughes, it is irrelevant to this particular thing. Because I mean, whatever be the claims otherwise for compensations or for a portion of ex-enemy ships, this is outside of that. This really is not compensation on any particular item at all. It only happens that, in order to arrive at some sort of basis for distribution amongst ourselves, we took what in general we may be assumed to have lost—at least, the ratio may be assumed amongst ourselves. This is not compensation for any particular thing; this is only what Germany says in general reparations that we are to get.

Reparations.

Mr. Hughes: Yes.

Mr. Jenkins: I would explain one point. The ships you were speaking of were given under what was called reparation in kind. Now, this reparation under that clause is really only in the nature of a food ticket.

Mr. Hughes: What?

Mr. Jenkins: Really like a food ticket that was given during the war for rations. That is to say, if you get ships, you have to pay for them out of your reparation claim, so that any part of the British Dominions who have got ships in that way have the value of those ships deducted from the money payments that are made them by Germany, you see. It is settled against their share of money payments.

Mr. Meighen: This German reparation in kind, that comes off the total indemnity?

Mr. Hughes: After being credited with the actual shipping losses, is that it?

Mr. Jenkins: Supposing that Great Britain—we will say—is given a particular ship as a part of the reparation for its shipping losses.

Mr. Hughes: Well.

Mr. Jenkins: That is settled against Great Britain, who has to pay, in effect, money for the ship.

Sir Thomas Smartt: It is credited with the value.

Sir Robert Horne: Yes.

Mr. Hughes: On what basis is it debited—on the pre-war value, or the present value?

Mr. Jenkins: It is the present value.

Mr. Hughes: Debited on the present value?

Mr. Jenkins: Quite so.

Mr. Hughes: Are losses credited to us on the pre-war value or on the present value?

Mr. Jenkins: The losses were claimed for originally on the Norwegian market values.

Mr. Hughes: The market value at the time of the loss?

Mr. Jenkins: Yes, but as you know, no details of the claims of losses were given by the Reparation Commission, and it is not possible now to say by how much the shipping claim was reduced.

Mr. Hughes: Let me see if I have got it right. This is without prejudice to any claims that we may have in regard to ex-German ships?

Mr. Jenkins: That is it.

Mr. Hughes: Those German ships that were seized by us at the outbreak of war will be debited against our reparation claim, and the 4 per cent. Is that it?

Mr. Jenkins: No; the ships you took (I think they have not gone into the Prize Court yet), but the corresponding British ships that came into the Prize Court have been deducted as prizes so that there is no debit in the reparation account.

Sir Robert Horne: You have this in your pocket without any disadvantage to any of your claims.

Mr. Jenkins: What I was speaking of were ships that Germany has handed over.

Mr. Hughes: Handed over now?

Mr. Jenkins: Yes.

Mr. Hughes: If we get any of those it comes out of our reparation claim on present value?

Mr. Jenkins: That is right.

Mr. Hughes: I understand.

Mr. Meighen: We have none at all.

Mr. Jenkins: You decided not to have any.

Mr. Meighen: Those we got we keep. We did not keep any.

Mr. Jenkins: I think you have one in Canada yet.

Mr. Massey: Have you got any for me?

Mr. Meighen: Was it not principally good fortune where the ships happened to be?

Sir Robert Horne: It happened there were none in Australia, I think.

Mr. Hughes: I do not know how many.

Mr. Meighen: I say on the principle you apply to the Army of Occupation account, you should average the ships that happen to be in your ports, that you should average them for the benefit of the rest of the Dominions.

Mr. Hughes: Germany was not able to say: "Go here or go there."

Mr. Massey: I think that is quite fair.

Mr. Meighen: It was only a matter of accident.

Mr. Hughes: No, it was a matter of Providence

Mr. Meighen: You should not have mentioned that on the same day as the Army of Occupation.

Mr. Massey: I think we had better revive this and see what can be done even now.

Sir Robert Horne: Can we come to a conclusion upon this general basis? I will tell you the suggestion I will make. Britain's figure at the present time is 87·9. I propose to distribute that point nine (·9) amongst the other claims.

A general basis for settlement desirable.

Mr. Massey: What document is that?

Sir Robert Horne: 87·9, and I think it would bring out a fairer proportion in regard to other portions of the Empire if Canada was to get 4·35 and Australia 4·35—that is increasing their proportions slightly—and India 1·2. I think it is a fair distribution, Mr. Massey, between New Zealand, Australia and Canada.

Mr. Massey: Honestly, I do not see much wrong with this.

Mr. Montagu: I want to put to you one consideration that we are entitled to bring into account, relating to the Army of Occupation. We have no claim under the Army of Occupation. How does that arise? It arises from the fact that the "Powers that be" decided that our armies, instead of going to Germany, should go to Palestine; ^{and a great many of our troops} they are still there, and are fighting there. We are still incurring liabilities for their pensions. If we had been lucky and you had wanted some Indian troops in Berlin, there would have been no fighting, and yet we should have got something under the Army of Occupation basis

India and the Army of Occupation.

Sir Thomas Smartt: Some of our troops also went to Palestine. We are in the same position.

Mr. Montagu: But you have got them home, and we have not.

Sir Robert Horne: You have a paper provision in the Turkish Treaty.

Mr. Montagu: Yes, but you know what that is worth. I will give you that over. If you will put me on the same basis as New Zealand I will give you my claim on the Turkish Army of Occupation.

Sir Robert Horne: I propose giving India 1·2 per cent.

Mr. Montagu: I think that is low. I make two claims and I will leave it at that. The first is a claim in regard to the Army of Occupation, for their army is still in Turkey. The second claim is a point I put to you before, that I had hoped to be able to afford out of this to increase their pensions. We are really being penalised in this matter because of the poverty of the people. Our taxable people have got an

Indian Pensions should, if possible, be increased.

Reparations.

actual average income of 60 rupees, so that there is not much margin for taxation. Therefore, our pensions are very low, and we are suffering for it. If we could get a little more we could put the pensions up. I hope you will realise that point. This will not all go to the Indian Government. I have to take something off it to pay the native States for their Imperial service expenditure. That has to come out of it as well.

Mr. Meighen: What is the value of the ships that were impounded in Australian waters?

Mr. Massey: Half a million.

Suggestion that Great Britain and India should make a separate settlement.

Sir Robert Horne: I do not know whether it is a feasible proposition, but I think we know rather less about the Indian scheme than we know about any others, for the reason that Mr. Montagu has given, that things are going on still so far as India is concerned, which although the United Kingdom is in them, the other Dominions are out of. Perhaps Mr. Montagu will be satisfied if I said that, as between him and the United Kingdom, I would be willing to reconsider with him any facts which he can bring forward. The Secretary of State for India is always here, but you other gentlemen have to go away in the course of time. We can adjust those things as between ourselves without altering the proportions of anybody else. If India was to get anything extra it would come off the United Kingdom share alone. How does that strike you?

Mr. Montagu: Your suggestion is that I should take your 1·2 per cent for the present and take my chance?

Sir Robert Horne: You will not get less, obviously. Then in those circumstances the Table will be as follows:—

United Kingdom	...	87·00%	(eighty-seven per cent.).
Minor colonies...	...	·80%	(point eighty per cent.).
Canada	...	4·35%	(four point thirty-five per cent.).
Australia	...	4·35%	(" " " ").
New Zealand	...	1·60%	(one point sixty per cent.).
South Africa	...	·60%	(point sixty per cent.).
Newfoundland	...	·10%	(point ten per cent.).
India	...	1·2 %	(one point two per cent.).

Mr. Meighen: I guess I can give up all hope of those ships.

Mr. Massey: There are three very fine ships. I think Canada should have one, New Zealand one and Australia one.

Sir Robert Horne: The Table as it now stands settles everything. It would have been a great misfortune if we had had to say that we had been incapable of settling it.

2, Whitehall Gardens, S.W., July 13, 1921.

APPENDIX.

Distribution of British Empire Reparation Receipts.

The following Table for apportionment of total receipts is suggested as an alternative to the Table proposed:—

—			As Proposed.	Now Suggested.	Difference.
United Kingdom	..	..	88·16	87·90	— ·26
Minor colonies	..	..	·77	·80	+ ·03
Canada	..	..	3·88	4·00	+ ·12
Australia	..	..	4·04	4·00	— ·04
New Zealand	..	..	1·57	1·60	+ ·03
South Africa	..	..	·55	·60	+ ·05
Newfoundland	..	..	·10	·10	
India	..	..	·93	1·00	+ ·07
			100·00	100·00	

SECRET.

E/D. 1.

NOTES OF A MEETING OF REPRESENTATIVES OF THE UNITED KINGDOM, THE DOMINIONS
AND INDIA, HELD AT THE COLONIAL OFFICE ON WEDNESDAY, AUGUST 3, 1921,
AT 11.30 A.M.

Present :

The Right Hon. W. S. CHURCHILL, M.P., Secretary of State for the Colonies,
(*in the Chair*).

The Most Hon. THE MARQUESS CURZON OF KEDLESTON, K.G., G.C.S.I., G.C.I.E., Secretary of State for Foreign Affairs (for latter part).	General The Right Hon. J. C. SMUTS, K.C., Prime Minister of the Union of South Africa.
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The Hon. C. C. BALLANTYNE, Minister of Naval Service, Canada.	The Right Hon. E. S. MONTAGU, M.P., Secretary of State for India.
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The Right Hon. W. M. HUGHES, K.C., Prime Minister of Australia.	His Highness the MAHARAO OF CUTCH, G.C.S.I., G.C.I.E.
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The Right Hon. W. F. MASSEY, Prime Minister of New Zealand.	The Hon. SRINIVASA-SASTRI.
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The following were also present :

Sir HENRY LAMBERT, K.C.M.G., C.B., Colonial Office.	Sir EDWARD GRIGG, K.C.V.O., C.M.G.
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Secretariat :

<i>United Kingdom.</i>	<i>South Africa.</i>
Sir M. P. A. HANKEY, G.C.B.	Mr. G. BREBNER.
Colonel S. H. WILSON, C.B., C.M.G.	
Mr. E. J. HARDING, C.M.G.	
<i>Australia.</i>	<i>India.</i>
Mr. P. E. DEANE, C.M.G.	Mr. G. S. BAJPAI.

A discussion took place on the draft report of the proceedings of the Conference which had been prepared by the Secretariat with a view to publication in the press. Section I, dealing generally with the work of the Conference, and Section II, which referred to the opening statements by the Prime Ministers, were passed with a few verbal alterations.

Section III, concerning Foreign Policy was discussed, but it was considered that in the absence of the Secretary of State for Foreign Affairs no decision regarding it could be taken. This Section was eventually after a short discussion held over for consideration at a subsequent meeting to be held at the Foreign Office, under the Chairmanship of Lord Curzon.

Section IV, on the League of Nations, Section V, on Egypt, and Section VI, on Imperial Defence were passed with a few minor amendments.

Section VII, on Imperial Communications, was amended slightly and a sub-paragraph dealing with shipping rebates was introduced at the request of the Dominion Prime Ministers.

Section VIII, on Reparations, was discussed at length and the view was advanced that it would be better to omit all reference to this question. It was argued however, that the various Parliaments of the Empire would expect to hear some

Discussion on
Draft Report for
Publication.

**Discussion on
Draft Report for
Publication.**

details of this important matter and it was eventually decided that this Section should contain merely a statement of the approximate apportionment of the reparation receipts under the Treaty of Versailles agreed to by the Conference, and that all references to the maintenance of the Army of Occupation and other connected matters should be omitted.

Section IX, on Position of British Indians in the Empire, Section X, on Empire Settlement and Migration, Section XI, on Empire Patent, Section XII, on Nationality, Section XIII, on Condominium in the New Hebrides, Section XIV, on the proposed Conference on Constitutional Relations and Section XV, giving a proposed Address to His Majesty the King, were passed with a few minor amendments.

It was decided to submit the report as amended for final approval to the last meeting of Prime Ministers and Representatives of India, which was to be held on Friday, the 5th August, 1921, and the meeting then adjourned till 6 P.M. when it was agreed that Section III, dealing with Foreign Policy should be considered under the Chairmanship of the Secretary of State for Foreign Affairs.

The report as finally amended for publication is given as an Appendix to the Minutes of the 34th Meeting.

SECRET.

E/D. 2.

NOTES OF A MEETING OF REPRESENTATIVES OF THE UNITED KINGDOM, THE DOMINIONS
AND INDIA, HELD AT THE FOREIGN OFFICE ON WEDNESDAY, AUGUST 3, 1921,
AT 6 P.M.

Present :

The Most Hon. THE MARQUESS CURZON OF KEDLESTON, K.G., G.C.S.I., G.C.I.E.,
Secretary of State for Foreign Affairs (*in the Chair*).

The Hon. C. C. BALLANTYNE, Minister of Naval Service, Canada.	General The Right Hon. J. C. SMUTS, K.C., Prime Minister of the Union of South Africa.
The Right Hon. W. M. HUGHES, K.C., Prime Minister of Australia.	Colonel The Hon. H. MENTZ, Minister of Defence, Union of South Africa
The Right Hon. W. F. MASSEY, Prime Minister of New Zealand.	The Right Hon. E. S. MONTAGU, M.P., Secretary of State for India.
	His Highness the MAHARAO OF CUTCH, G.C.S.I., G.C.I.E.
	The Hon. SRINIVASA-SASTRI.

The following were also present :

Sir HENRY LAMBERT, K.C.M.G., C.B., Colonial Office	Sir EDWARD GRIGG, K.C.V.O., C.M.G.
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Secretariat :

<i>United Kingdom.</i>	<i>South Africa.</i>
Sir M. P. A. HANKEY, G.C.B.	Captain E. F. C. LANE, C.M.G.
Colonel S. H. WILSON, C.B., C.M.G.	
<i>Australia.</i>	<i>India.</i>
Mr. P. E. DEANE, C.M.G.	Mr. G. S. BAJPAI.

As arranged at the meeting held in the Colonial Office on the same morning a discussion on Section III of the draft report dealing with Foreign Policy took place.

Discussion on
Draft Report for
Publication.

The Secretary of State for Foreign Affairs read out a proposed draft on the question of Silesia and this was generally approved.

Lord Curzon then raised the question of that part of the report which dealt with the proposed Washington Conference, and remarked that this had been prepared on the lines indicated at the meeting that morning as being those desired by the Prime Minister. A short discussion ensued, as a result of which a few amendments were made, and it was decided that the Section in question should, with the rest of the report, be submitted for the final approval of the Prime Ministers and Representatives of India at the meeting which was to be held on Friday, the 5th August.

The terms of Section III, dealing with Foreign Policy as finally approved for publication are given in the Appendix to the Minutes of the Meeting.

SECRET.

E. (S.C.) 1st Meeting.

NOTES OF A MEETING OF REPRESENTATIVES OF THE UNITED KINGDOM, THE DOMINIONS
AND INDIA, HELD AT THE COLONIAL OFFICE, ON FRIDAY, JULY 8, 1921.

Present :

The Right Hon. W. S. CHURCHILL, M.P., Secretary of State for the Colonies
(*in the Chair*).

The Right Hon. W. M. HUGHES, K C ,
Prime Minister of Australia.

The Right Hon. W. F. MASSEY, Prime
Minister of New Zealand.

The following were also present :

Mr. C. HARMSWORTH, M.P., Under-
Secretary of State for Foreign Affairs

Mr. R. A. C. SPERLING, C.M.G., Foreign
Office.

Sir HENRY LAMBERT, K.C.M.G., C.B.,
Colonial Office.

Mr. P. DEANE, Secretary, Prime Mini-
ster's Department, Commonwealth of
Australia.

Mr. E. J. HARDING, C.M.G. (*Secretary*).

Mr. Hughes, in opening the discussion, said that the present position as regards the Condominium in the New Hebrides was fairly set out in Lord Milner's despatch of the 19th August, 1920. The Condominium was unworkable. The experiences of dual control were the same in New Hebrides as they were throughout the world in such matters. Several cases were waiting settlement by the Joint Court, which had not met for six years. The President of the Court had been absent since 1916; and the Public Prosecutor was on leave. All land claims were consequently held up; and, where British and French interests were at variance, were likely to be permanently held up.

Since 1902 the Commonwealth Government had spent £134,000 in the New Hebrides—£22,000 for assistance to settlers in preparing land claims; £4,000 in refund of customs duties; and £108,000 on a steamer service.

The "Burns-Philp" mail service was specially subsidised to take in the New Hebrides. Approximately £6,000 per annum was now spent for this purpose and this was about to be increased. The consequence of this subsidised steamship service was that Australia gets the bulk of the export trade.

The main interest of Australia, however, lay in the fact that the natives of the New Hebrides were decreasing and labour must be imported. The French own the bulk of the land, and were anxious to import Asiatic labour. The presence of any considerable number of Asiatics so near Australia would be most embarrassing, and possibly dangerous from the standpoint of defence.

The French own 600,000 hectares out of a total 1,200,000. The natives own 552,000. The French have a great ascendancy over the natives, but have done little to assist them or to develop the country.

Condominium
in the
New Hebrides.

He was informed that the Société française de Nouvelles-Hébrides was willing to sell out its land for about 25 million francs (about £500,000), and he thought that the Company must be bought out before any effective action could be taken towards getting rid of the Condominium.

Mr. Hughes added that he had received a letter making what was, in effect, an offer for the sale of the society's lands, and stating that the French Government would not interfere with such a transaction. (A copy of this letter is annexed as an Appendix.)

Mr. Massey stated that New Zealand had no interest in the New Hebrides from a financial and commercial standpoint. But the islands were important from a strategic point of view (in this connection he quoted a recent letter from Lord Jellicoe), and the Presbyterian Church of New Zealand had a strong interest in them. He had promised the Presbyterian Church to bring up the question.

He did not think that partition of the group would be of advantage. His suggestion was that a Commission should be appointed, which would include representatives of Australia and New Zealand, to visit the islands and make a report.

Mr. Harmsworth said that, in the opinion of the Foreign Office, the first step was to bring into force the Protocol of the 6th August, 1914. The Foreign Office did not consider that an exchange of territory with France, which would give control of the whole group to the British Empire, was feasible at present.

Mr. Hughes was not in favour of the Commission suggested by Mr. Massey.

The subsequent discussion turned on the following points:—

(a.) Whether it was possible for either Australia or New Zealand to take the place of His Majesty's Government as the British partner in the Condominium.

Neither Mr. Massey or Mr. Hughes was at all in favour of adding to the responsibilities of Australia or New Zealand in the Pacific in this way.

(b.) Whether, assuming that His Majesty's Government could arrange to put up any part of the money required to buy out the French Society, Australia and New Zealand could contribute the remainder of the amount required.

Mr. Churchill made it plain that he could not commit the Chancellor of the Exchequer to making any contribution at all. He enquired, however, whether assuming a contribution from His Majesty's Government, Australia and New Zealand, each would be willing to provide say, one-third or one-quarter of the necessary amount. Mr. Hughes and Mr. Massey were clear that the Commonwealth and the Dominion respectively would not be prepared to spend public money in helping to buy out the Society. They thought, however, that possibly something might be done by way of raising funds privately.

(c.) What immediate action could be taken to bring about a better state of affairs in the New Hebrides apart from the question of buying out the French Society.

It was agreed that it would be desirable to bring the Protocol of the 6th August, 1914 into force.

The upshot of the discussion was—

(1.) There was general agreement that it was advisable to take immediate action towards bringing the 1914 Protocol into force, and

(2.) Mr. Churchill undertook to consider further, in consultation with the Secretary of State for Foreign Affairs, whether it was practicable to buy out the French Society (examination of the Society's title would of course be necessary), and, if so, how funds could be provided.

Lastly, Mr. Churchill suggested that, if Mr. Hughes were in Paris before returning to Australia, it might be well for him to see the French Colonial authorities and discuss the situation with them "without prejudice." Mr. Hughes agreed to do this.

APPENDIX.

GUÉRET, GAIT & CO. (LTD.).

The Official Secretary,
Commonwealth of Australia, London, W.C.

Dear Sir,

34, Lime Street, London, E.C. 3, June 25, 1921.

YOUR letter of the 18th June with reference to the short conversation I had with you arrived, as you know, during my absence on the Continent, a sudden call to attend at Geneva having prevented my dealing further with the New Hebrides matter promptly. Please accept my apologies.

I do not propose to attempt in this letter to deal with the matter extensively. It would require the embodying of a great deal of matter which, at this stage, could hardly be sufficiently interesting to you. To confirm, however, what has already taken place between us, I would state the following:—

1. The properties in the New Hebrides of the Société française de Nouvelles-Hébrides are available for sale and have been placed in my hands for this purpose, your Government being suggested as possible purchasers whom I should approach.

2. The possibility of the sale to British interests has been disclosed to the French Government and such a transaction will not be interfered with by the French Government.

3. I am advised that the total area of the New Hebrides and the proportions into which the ownership is divided are as follows:—

	Hectares
The Société française possesses about ...	600,000
English colonists maximum ...	20,000
Natives ...	552,000
The Higginson heirs ...	28,000
Total ...	1,200,000

It is also stated that the following is the division, presently known, of the Société française:—

Lands marked out (titles established)—				H.	a.	c.
Island	Vate	...	...	59,570	20	11
	Api	...	...	27,390	00	00
	Santo	...	...	251,265	39	00
	Acre and diverses	...	...	28,000	00	00
	Pentecôte	...	...	10,000	00	00
Total	...	...	...	376,225	68	11

Lands still to be marked out partially—				Hectares.
Island	Mallicolo	...	...	150,000
	Tanna (volcanic)	...	...	2,000
	Malo	...	...	2,000
	Ambrym	...	...	20,000
	Maevo	...	...	15,000
	Aoba	...	...	10,000
	Banks and Torres, Vanua-Lava	...	...	2,000
Total	...	...	...	201,000

Say 577,225 h. 68 a. 11 c.

It is apparent from the above that the acreage stated, namely, 600,000, is merely approximate.

An interesting feature is that, apart from Port Olry, which belongs to Messrs. Fisher and Law, I am advised that all the bases and ports form part of the Company's land and are susceptible of exclusive private ownership with sea rights without any restrictions whatever.

4. *Titles*.—The origin of the ownership rights possessed by the Société française de Nouvelles-Hébrides is found in an agreement dated the 30th March, 1894, concluded between Mr. Higginson and the Ministry for the Colonies, and also

in the Act of Constitution of the Company (article 6 of the Statutes enclosed herewith*), drawn up by Mr Portifin, notary of Paris. The title deeds are deposited at the offices of Mr. Chanvalon, notary at Noumea. I am not in position to send you copies of these title deeds, as they have not reached me, but am enclosing a translation.* made by one of my staff, of a copy of the agreement made between the French Government and Mr. Higginson, which will, no doubt, be interesting to you as showing, to some extent, how the Société française de Nouvelles-Hébrides came to be formed. This translation must naturally be given without any guarantee as to its correctness, but I have no doubt that it does actually give the sense of the agreement. I have numbered this translation (1).

5. I am enclosing herewith a translation of statements* (marked 2) which are made to me in similar form but in the French language. This document gives, in very short form, a history of the Company, more especially of its position *vis-à-vis* the French Government, and a few words regarding some of the provisions of the Convention of London, but some additional remarks on the question of titles are also of interest.

Another short statement* (marked 3) which I enclose may be of interest, inasmuch as it refers to the situation existing between the French owners on the one side and the British on the other.

I am attaching a map† which indicates roughly the properties of the Société. I hold many other papers, including several additional maps, the whole of the matter in my possession being entirely at your disposal. My only reason for not sending it forward now is that I only wish to trouble you with the essentials. If you will tell me what further information you desire I will either send it to you from what I have already received, or secure it, with very short delay, from the owners.

You will, no doubt, if you are sufficiently interested, desire to have an indication of what price would be acceptable to the sellers. At this stage, I cannot state this definitely, but, in an endeavour, made in all good faith, to assist, I would say that I have some slight indication which leads me to think about 25 million francs would be something near their views. If you are interested I can secure a clear expression from them, and am entirely in your hands as to how this aspect of the matter should be approached.

To sum up the situation, there is now a plain opportunity to establish British control in the New Hebrides, an end which apparently is much to be desired. The purchase of the properties of the Société française for British ownership automatically reverses the situation now existing there, resulting in the predominant position of ownership now held by the French, and the consequent great influence of that Government passing without hindrance to the British Empire.

I have deliberately not touched on the intrinsic value of the New Hebrides. I cannot speak with authority on this point, and I do not care to pass forward merely hearsay evidence. Moreover, I am convinced that this has already been well studied by your Government and that they are well informed on the point. If, however, the French ideas would interest you, I have some material which I shall be pleased to hand to you.

The delay to which I have unfortunately been compelled to subject any negotiations has, I am sorry to say, proved rather unfortunate, as others, who would prefer that the properties be dealt with in another way, have been making enquiries, and have shown that they would, if it were possible, interfere to the detriment of the negotiations. For a short time, however, they cannot do so, as definite authority has been given to deal with the properties, and this authority cannot be withdrawn for one month from date, and if negotiations are in progress we have little doubt that we can extend this period. My only object in advising you of the position is to tell you of the difficulties, as well as of the strength, of the position. Should the other parties succeed in their interference the properties would remain under French ownership.

I am, &c.
JOHN HANNITIN.

* Not printed.

† Not reproduced.

SECRET.

E. (S.C.) 2nd Meeting.

STENOGRAPHIC NOTES OF A MEETING OF REPRESENTATIVES OF THE UNITED KINGDOM,
THE DOMINIONS AND INDIA, HELD AT THE COLONIAL OFFICE, ON WEDNESDAY,
JULY 13, 1921, AT 11 A.M.

Present :

The Right Hon. W. S. CHURCHILL, M.P., Secretary of State for the Colonies
(*in the Chair*).

Captain the Right Hon. F. E. GUEST,
D.S.O., M.P., Secretary of State for
Air.

The Right Hon. STANLEY BALDWIN, M.P.,
President of the Board of Trade.

The Hon. C. C. BALLANTYNE, Minister of
the Naval Service and of Marine and
Fisheries, Canada.

The Right Hon. W. M. HUGHES, K.C.,
Prime Minister of Australia.

The Right Hon. W. F. MASSEY, Prime
Minister of New Zealand.

The Hon. Sir THOMAS SMARTT, K.C.M.G.,
Minister of Agriculture, Union of
South Africa.

Colonel the Hon. H. MENTZ, Minister of
Lands and of Defence, Union of South
Africa.

His Highness the MAHARAO OF CUTCH,
G.C.S.I., G.C.I.E.

The following were also present :

The Right Hon. F. G. KELLAWAY, M. P.,
Postmaster-General.

*Professor W. R. DUNSTAN, C.M.G.,
F.R.S., Director of the Imperial
Institute.

†Mr. L. S. AMERY, M.P., Financial Secre-
tary to the Admiralty and Chairman
of the Oversea Settlement Committee.

‡The Right Hon. Sir HENRY NORMAN,
Bart., M.P.

‡Sir H. LLEWELLYN SMITH, G.C.B.

‡Sir G. E. P. MURRAY, K.C.B., General
Post Office.

Colonel S. H. WILSON, C.B., C.M.G.,
Principal Assistant-Secretary, Com-
mittee of Imperial Defence.

The Hon. E. F. L. WOOD, M.P., Parlia-
mentary Under-Secretary of State for
the Colonies.

*Mr. G. E. A. GRINDLE, C.B., C.M.G.,
Colonial Office.

†Mr. T. C. MACNAGHTEN, C.B.E., Oversea
Settlement Office.

†Mr. G. F. PLANT, Oversea Settlement
Office.

‡Mr. C. HIPWOOD, C.B., Board of Trade.

‡Major-General Sir F. H. SYKES, G.B.E.,
K.C.B., C.M.G., Air Ministry.

‡Sir H. J. MACKINDER, M.P., Chairman,
Imperial Shipping Committee.

‡Dr. W. H. ECCLES, F.R.S., M.I.E.E.,
Vice-Chairman, Wireless Telegraphy
Commission.

Secretariat:

United Kingdom.

Sir HENRY LAMBERT, K.C.M.G., C.B.,
Colonial Office.

Mr. E. J. HARDING, C.M.G., Colonial
Office.

Mr. M. E. ANTROBUS, Colonial Office.

Australia.

Mr. P. E. DEANE, C.M.G.

South Africa.

Mr. G. BREBNER.

India.

Mr. G. S. BAJPAL.

* Attended for the discussion as to the Imperial Institute.

† Attended for the discussion as to Empire Settlement.

‡ Attended for the discussion as to Imperial Communications.

Imperial Institute.

The Chairman: The first item on the Agenda is the question of the Imperial Institute. Really, this is a question which is now reduced to such small dimensions that we ought to be able to settle it round the table.

The Imperial Institute is that magnificent building which you have no doubt seen. I am afraid Mr. Hughes has never been there.

Mr. Hughes: Do I not live near it?

The Chairman: Have you ever been there?

Mr. Hughes: No; one never goes to places near where one lives

The Chairman: It is a magnificent building in the heart of the capital of the British Empire, and it costs £40,000 a year to keep up. There is a deficit, though not a very large one, and it is necessary to secure for this Institute this sum of £40,000 a year to keep it going. That sum is very nearly complete. The Treasury have promised a grant of £10,000 a year in lieu of the £2,500 which they previously gave, but they have promised it, as promises are often made, contingent upon the other £30,000 being subscribed from other sources. We then set to work to try to get the other £30,000; we wrote round to the Dominions, and we wrote round to all the Colonies, and we have received the following responses: The Colonies and the Protectorates have promised £22,000 among them, and the Prime Minister of Canada has promised 20,000 dollars, which, at the present rate of exchange, is more than £5,000. That makes £27,000 that we have got. South Africa says it will go on paying the £250 a year which it has hitherto paid, so that we have £27,250 towards the total, and we have only to get £2,750 more in order to ensure the Treasury £10,000 coming in, and this great Institution and Institute being placed upon a good foundation. I think it would be a thousand pities to let this ship sink actually in sight of port. Although for the moment you may feel here and there that it is not doing very much for this or for that particular Dominion, it remains the great centre of possibility for the use of the Dominions. Exhibitions could be held there, or functions connected with the development of particular industries or interests of the Dominions, and there is not the slightest doubt that it would be a thousand pities to let it go on the rocks. Therefore I do hope that we can wind up this very small matter here. There is really less than £3,000 to be produced. Australia, India and New Zealand have not made us any response, and the £250 that comes from South Africa, although very welcome so far as it goes, is, I think, a little below the dignity of that El-Dorado of gold, diamonds, and all the luxuries most desired by men. I hope, therefore, that I may get a little support in this matter, and we in return will do everything we can to make the Institute produce a good result, and put it more on the main lines. There is a possibility in the future that part of the Institute might be used for the Imperial War Museum, to house which at present we are renting the Crystal Palace at a cost of £25,000 a year. If other things fail, and the Imperial Institute ceases to be an Institute for the Dominions and Colonies, and we have to return all the funds we have obtained from them, I suppose the War Museum will settle down there, but it would be a tremendous pity.

Mr. Hughes: Are you going to use the Imperial Institute as a War Museum or the Crystal Palace?

The Chairman: If the worst comes to the worst, and we do not get the support necessary to carry on the Imperial Institute, we might think about doing that, but I think that would be a great alienation of this building from its right purpose.

Mr. Hughes: How much a year is involved from us?

The Chairman: We have everything complete except £2,750 a year, and my hope was that Australia, New Zealand and India between them could raise that.

Mr. Massey: We can do that.

Mr. Hughes: I will do that, anyhow.

Mr. Massey: I will join in it.

Mr. Hughes: I will put up my share.

The Chairman: What about the Maharao of Cutch?

His Highness the Maharao of Cutch: Did you communicate with India at all?

The Chairman: Yes, but we had no answer.

His Highness the Maharao of Cutch: I am afraid I am not authorised to say anything. Imperial Institute.

The Chairman: What do you say, Mr. Massey?

Mr. Massey: If the worst comes to the worst, I think Australia and New Zealand can find it.

The Chairman: The £2,750?

Mr. Massey: Yes, we will find a third of it, anyway.

The Chairman: I am very much obliged indeed. I wanted to make this appeal here, and I think we can possibly settle the rest by correspondence.

Mr. Hughes: You can take it as definite that if the other Dominions will do their part, Australia will do hers. I will put it in this way: whatever our share would be, we will do it in any case. We will pay whatever our quota is.

Mr. Massey: New Zealand will do its share.

The Chairman: You see, it is not quite on that basis now, because we are getting £22,000 from the Colonies and £10,000 from the British Exchequer. That leaves £8,000 to be found by the Dominions. Of that £8,000, Canada has offered £5,000, so that leaves only £3,000. Might I say that you and Mr. Massey will settle that £3,000 between you?

Mr. Hughes: I will do my share. That is the best I can do.

Mr. Massey: There was some suggestion made, and I am not very clear about it at the present moment because I have not the particulars, of running other Departments, or perhaps "Departments" is the wrong word, and I will say running other Institutions along with the Imperial Institute, so as to effect economy. Do you know anything about it?

The Chairman: You mean with regard to the War-Museum, and so on?

Mr. Massey: Possibly. yes.

The Chairman: I do not think that will be necessary. As we have the income, the Institute will go on. Is not that so, Professor Dunstan?

Professor Dunstan: Yes. Of course, it might be well to remind the meeting that part of the Imperial Institute building is at present occupied by the University of London, and the University of London have made an appeal to the Government for a new site, because they do not consider that they have sufficient accommodation in the Imperial Institute building. Therefore, within three or four years the University of London will probably give up its occupation of a part of the Imperial Institute building, which will set free a considerable amount of space, some of which is urgently needed for an extension of our own work, but there will still be left a considerable portion in which possibly the War Museum might be accommodated.

The Chairman: You are living close up there, are you not, Mr. Hughes?

Mr. Hughes: Yes.

The Chairman: Professor Dunstan will call upon you one morning at your house.

Mr. Hughes: With an idea of getting more money?

The Chairman: No, as a matter of friendly interest.

Professor Dunstan: I shall be delighted to see Mr. Hughes. I have been looking forward to a visit from him for some time, and I feel sure we shall profit by it.

Mr. Hughes: If you will tell me how much you are asking from Australia this year, I will pledge myself for Australia for this year.

The Chairman: As I say. I am only asking you to make up the balance, that is to say, that you should contribute £1,500 a year each.

Mr. Massey: That is not on a population basis.

The Chairman: Then that you should contribute between you £3,000.

Mr. Hughes: We will do £2,000 and Mr. Massey can do £1,000.

Mr. Massey: I can do that.

The Chairman: Thank you very much.

Empire Settlement
and Migration.

The Chairman: Now we will take the question of the Migration Committee, and in this matter we are very much indebted to the late Under-Secretary at the Colonial Office, Colonel Amery, who has now gone to the Admiralty. You have read the report; he has not only prepared a general report, but he has drawn up a summary of the situation for each Dominion separately, so as to have schemes suited to the different conditions prevailing in the different Dominions. We have followed the lines suggested by Mr. Meighen of having a general draft clause prepared for insertion in a British Act of Parliament giving power for schemes to be arranged *mutatis mutandis* with each of the Dominions. I do not think there is anything we need do this morning, unless anyone has any further point to raise, except to adopt the report, and make it our own report, and send it to the Imperial Conference to be included in its records. A resolution has been prepared for consideration which is simply "The Committee approves the recommendations set out in the report of the Sub-Committee on Empire Settlement and Migration."

Mr. Hughes: What is the report?

Colonel Amery: This is the document (handing the report of the Sub-Committee and enclosures).

Mr. Hughes: I do not mean that, but what is it that we are committing ourselves to?

Colonel Amery: This is it (showing the recommendations in the report of the Sub-Committee)

The Chairman: You will remember that we appointed a Sub-Committee.

Mr. Hughes: Yes, I was on it, but what was submitted to me there was not the whole of these papers, but three proposals. Colonel Amery embodied the results of our discussion in three proposals; to two of them I assented, but not to the third. To the second one I assented with a proviso that we should be able to raise money necessary for development in the city.

Colonel Amery: Might I explain? What happened was that the Sub-Committee first of all considered the report of the Conference which met in February (Dominions No. 77 Confidential), which only lays down general principles. It agreed that those principles were sound, and the next thing was that I should discuss with the different Governments what practical measures they were likely to take later on in co-operation with the British Government. It was those measures which Mr. Hughes and I discussed, and following our discussion I put forward the three proposals to which Mr. Hughes refers. Those are not for publication; they are simply the basis for future co-operations with Australia. You are asked to approve in general principle in order to enable the British Government to go ahead and legislate its share in the actual report of the Sub-Committee.

Mr. Hughes: Very well

Qualification
desired by
South Africa.

Colonel Amery: I should like to add as Colonel Mentz raised the point with me just before this meeting began, that the South African Government Representative would like to put a rider to any resolution which we might pass to make it clear that the Union is not in a position to join in a scheme of assisted passages. If I may read out the paragraph framed by Colonel Mentz, it runs as follows: "The South African Representatives, however, wished to make it clear that they did not consider that the Union Government could join in a scheme of assisted passages. They wished to point out that the Land Settlement Laws of the Union were applicable, and were of a generous character." That safeguards the position of the Union Government, which in its particular circumstances cannot do as much as others.

Mr. Hughes: If that is done on behalf of South Africa I shall have to add a rider that we accept this subject to the conditions that I spoke of, namely our ability to obtain the necessary loan moneys for development work; because otherwise it will be said: "As one took exception and added a qualification, why did not you insist upon doing the same?" Therefore I must do it.

The Chairman: What do you feel about that, Colonel Mentz? Is it a matter of very great importance?

Colonel Mentz: Yes, of very great importance, but I am afraid I must stand by this amendment. We discussed the whole thing, and, since then I looked into our land settlement laws. For the rest, the case would clearly be fairly met, but unless we make the reservation, we are going to defeat the object of encouraging desirable settlers to go to South Africa: we are going to have political and labour troubles, queering the pitch before you start at all. We must, therefore, make the position clear from the South African standpoint, but having done that—let me give you this assurance—that South Africa welcomes desirable settlers who have the means to the extent of a £1,000 to £1,500 and the energy and will to push through, otherwise they will succumb.

Empire Settlement
and Migration.

Mr. Hughes: As it is with you so it is for all of us. It is a flint-strewn road on which we are asked to walk bare-footed, I am not going to walk along this road and meet those monsters at the end when Colonel Mentz has turned into the rose-strewn paths to seek the pleasures of the zenana.

Colonel Amery: There is this difference, is there not? Colonel Mentz, for political reasons, means to safeguard himself from the start against a particular form of assistance. Your objection is one dealing with the actual working out of a scheme. I quite admit that you would not agree to any scheme until you were sure of getting the necessary money by loan, but that does not affect the acceptance at this moment of the general principle. All depends on the particular schemes which we might frame, and, as regards those, you might very rightly stipulate that you would not embark on any scheme until you could see your way to get the loan money. This only commits us to general principles, but it is on the general principle that Colonel Mentz is afraid that his Parliament might make trouble. He therefore wishes to safeguard himself. It is rather a different class of objection.

Mr. Hughes: I do not know. I have been reading in your press of wild dog stories that come from Australia and pass for news, and some sections in Australia keep on passing resolutions against emigration of any kind.

Mr. Massey: We are all in the same boat.

Mr. Hughes: Mr. Massey is here to speak for himself, but it is a very serious question for us.

Other Dominions
in the same
position as South
Africa.

Mr. Massey: Any arrangement made here must be subject to the different Governments being able to make the necessary financial arrangements. I undertook to say something of the same kind as Mr. Hughes. We are in the middle of a slump, and money is scarce; it is as scarce with us as it is with you at present, though I think we are round the corner and matters will improve even before the coming Session in New Zealand comes to an end. I have no doubt about it in my own mind. We need the population, and must pay for it, but I think it should be understood that these arrangements which are being made now are subject to the different Governments being able to find the money required.

The Chairman: I see no reason why this reservation should not be put in.

Mr. Hughes: I think if you add a rider by us all, it will be all right.

The Chairman: I am afraid that is what you will have to do, Colonel Amery.

Colonel Amery: Yes. I thought perhaps a rather better method than merely adopting the report would be to embody the report in a resolution which I have drafted, in a form in which it could then also be passed by the Conference itself. In that resolution Mr. Hughes' rider could go in the first paragraph and Mr. Mentz's at the end. Shall I read it out?

The Chairman: Yes

Colonel Amery: "1 The Conference having satisfied itself that the proposals embodied in the report of the Conference on State-Aided Empire Settlement (Dominions No. 77) are sound in principle and that the several Dominions"—here we might insert Mr. Hughes' rider, "subject to financial considerations"

Discussion' on the
wording of the
resolution.

Mr. Hughes: I do not say subject to financial consideration: that does not set out the position.

The Chairman: Subject to the sanction of their Parliament.

Mr. Hughes: No, all I said was if we can get the loan money; subject to our obtaining loans for developmental purposes.

Mr. Massey: "Subject to the necessary financial arrangements being made."

Mr. Hughes: Yes, that will do.

Mr. Massey: Those words should come in after "prepared."

Colonel Amery: Yes—"are prepared, subject to the necessary financial arrangements being made."

Mr. Ballantyne: How can you go on "subject to the necessary financial arrangements being made," unless you have the sanction of your Parliament?

Mr. Massey: Parliament deals with finance.

Mr. Ballantyne: But you would have to have it voted, would you not?

Mr. Massey: Yes.

Mr. Ballantyne: I suppose that means subject to the approval of your Parliament, does it not?

Mr. Massey: Yes, we must be able to show Parliament that it is possible to make the arrangements, or else Parliament would not agree.

Mr. Ballantyne: Your Government might make the financial arrangements, and your House might refuse to vote them. Then we might come along to Parliament and say: "Here we are, this is the vote for emigration," and that is forthcoming.

Colonel Amery:—"subject to the necessary financial arrangements being made are prepared to co-operate effectively with the United Kingdom in the development of schemes based on these proposals, but adapted to the particular circumstances and conditions of each Dominion, approves the aforesaid report."

The Chairman: Does that meet your view, Mr. Ballantyne?

Mr. Ballantyne: I suppose I will agree to it, but I would have liked it subject to Parliamentary sanction.

The Chairman: I thought "the necessary financial arrangements" involved that.

Mr. Ballantyne: It is not very definite, that is all.

Mr. Massey: Or, "subject to Parliamentary sanction and to the necessary financial arrangements being made"—I do not mind.

The Chairman: That is quite true, of course.

Colonel Amery: It is really understood, but it does not matter; put it in.

Mr. Ballantyne: It does not look as if we were committing Parliament.

Colonel Mentz: I cannot agree to No. 1, but you had better go on, leaving me out.

The Chairman: Very well.

Colonel Amery: If your reservation is added as No. 4 at the end, would not that do?

Colonel Mentz: But I cannot be bound by No. 1. However, go on.

Colonel Amery: "2. The Conference expresses the hope that the Government of the United Kingdom will, at the earliest possible moment, secure the necessary powers to enable it to carry out its part in any schemes of co-operation which may subsequently be agreed on, preferably in the form of an Act which will make clear that the policy of co-operation now adopted is intended to be permanent."

The Chairman: The draft clause is appended to the report of the Sub-Committee. You should put that in.

Colonel Amery: You might want to publish the resolution and not publish the draft clause at this stage.

The Chairman: We want to publish the draft clause. Very well: "3. The Conference recommends to the Governments of the several Dominions that they should consider how far their existing legislation on the subject of land settlement, soldier

settlement and immigration, may require any modification or expansion in order to secure effective co-operation, and should work out, for discussion with the Government of the United Kingdom, such proposals as may appear to them most practicable and best suited to their several interests and circumstances.” Empire Settlement and Migration.

Have you anything to say about that paragraph 3, Maharao?

His Highness the Maharao of Cutch: I will just look through it.

Colonel Amery: Then I think Colonel Mentz's suggestion comes at the end.

His Highness the Maharao of Cutch: I think India has no objection to this.

Mr. Hughes: How will it read, then?

Colonel Amery: “No. 4: The South African representatives, however, wish to make it clear that they do not consider that the Union Government could join in a scheme of assisted passages. They wish to point out that the land settlement laws of the Union are applicable, and are of a generous character.”

Mr. Hughes: I object to that. Why does Colonel Mentz want to speak in this way, and insist upon his Dominion being singled out amongst them all? We are content with the general verbiage which covers us all, and this will not do: papers may be called for and laid on the table of the House.

The Chairman: It is intended that these particular resolutions should be made public.

Mr. Hughes: If that is the case the resolution will not do. Our land laws are generous, no doubt New Zealand's are generous. Canada's are generous. We cannot have one Dominion extolled, and in the same paragraph, having taken credit for its generosity, saying that its doors are closed.

Colonel Mentz: That is my point. I do not agree. I was just going to put it to the Chairman that I cannot agree. I do not want to take advantage of anybody else's generosity or anything else, but I cannot agree to this, and therefore I was going to put it again that we should adopt that short resolution, and then I can move my amendment to that, leaving for the main resolution and the others the methods by which this object can be obtained. I must speak for South Africa. Colonel Amery has mentioned political reasons, but that is not the whole case. Naturally political reasons come into it, too, and unless you can carry the people and Parliament with you, then you are not going to succeed in doing it, but you, the other Dominions, are fortunate enough to have a white proletariat, and your labour conditions based on white men. If a man goes out to Australia or New Zealand or Canada, and he cannot settle on the land or does not make a success of it, he can throw off his coat and take his stand next to other white men. Even if he works only for a living wage he can keep alive; but in South Africa you cannot do that. The labour there is coloured, and for all unskilled work it is black, and even if a white man wants to do it the other whites are not going to allow him to stand side by side and work with the natives. That is the position in South Africa.

Labour conditions of South Africa different to those of the other Dominions.

The Chairman: It is different.

Colonel Mentz: Yes. Therefore it comes to this, that it is not a question of English and Dutch, or one party against the other, but the interests of all parties are involved here. The Labour Party themselves are taking up this matter and are putting it to us to-day. They are saying: “If you assist emigrants to come here to-day you must be deceiving them unless you put them on the land”—and we cannot do that now in very large numbers—“If you hold out to them that there is an opportunity for them here to earn a livelihood, you are deceiving them, because there are thousands of unemployed in the country to-day.”

Mr. Hughes: I see your difficulty. Could you not put it like this: could you not have a sort of footnote, or a rider saying something about the ethnological circumstances of South Africa being such that the Union is unable to join in any scheme of assisted passages? I would not mind that, because of course the position is difficult.

Colonel Amery: I think what Colonel Mentz really wants is not to let clause 1 go by as accepted without the South African rider being incorporated in it.

Colonel Mentz: The difficulty is to fit the rider in here as drafted. Let me put this clearly: we give all credit to all the Dominions, and I am very pleased that they

are in a position to do this: I am not; and therefore by all means let the other Dominions take the credit for doing it. I do not want to share in that credit. I have to put this position. We will have to stand alone and be criticised for it: I am prepared for that in view of the difficulties that I put to you, but I do not want to share in any kudos that you are going to get.

Colonel Amery: This would meet you, I think. You might say after "approves the aforesaid report" in the first paragraph "The South African representatives, however, wish to make it clear that they do not consider that the Union Government can join in a scheme of assisted passages," and leave out the reference to the land settlement laws being of a generous character. That is enough to safeguard you, Colonel Mentz is it not?

Mr. Hughes: It is enough to safeguard him, but they will say to me: "Why did you join in?" Colonel Mentz has put his view, but let me tell you this, that the white population of Australia, who are in the main the working classes, are organised more completely than in any other country in the world, and out of a population of 5,000,000 nearly half are in unions, and they will say: "Why have you done this?" Unemployment might exist in Australia, and I should have to say: "Well, the ethnological circumstances of South Africa are quite different." That could be my only answer. But it would not sound entirely satisfactory.

The Chairman: You stand on the basis of a white proletariat: South Africa alone among the Dominions stands on the basis of a native proletariat, and it makes a very great difference which you have to consider. They do not want white hands brought in: they either want settlers or experts.

Colonel Mentz: That is not quite the case. You say we do not want white hands, but we certainly do, as and when, and to the extent that they can earn what we call a decent living in South Africa, and not have to sink down to the state of the semi-civilised native.

Mr. Hughes: You do not want what the Americans call a "mean white" population?

Colonel Mentz: Exactly.

Mr. Hughes: Could you not say this, that the Union of South Africa for ethnological reasons is unable to come in?

His Highness the Maharao of Cutch: I must object to the word "ethnological," because it would include India.

The Chairman: You can say that the special conditions of South Africa render it impossible for the Union Government to be included.

Colonel Amery: Perhaps this would meet it: "The South African representatives made it clear that they do not consider, in view of the insufficient field for white labour that the Union Government could join in a scheme for assisted passages," or "they do not consider, in view of the limited field for white labour in South Africa, that the Union Government could join in a scheme of assisted passages," and leave it at that. I would not say any more about the land settlement scheme.

Colonel Mentz: May I see how that fits in?

The Chairman: I think we ought to recognise that there are very special conditions out there.

Mr. Massey: I think so too.

Mr. Hughes: I accept that.

The Chairman: This resolution does not really affect India in any direct way, for nobody has had a scheme for sending white emigrants out to India.

His Highness the Maharao of Cutch: You say that for ethnological reasons South Africa cannot accept any scheme of assisting emigrants, and that is too wide.

The Chairman: Yes, I think it is better put in the way in which Colonel Amery suggested just now.

Colonel Amery: You are not bound to adopt any scheme, Colonel Mentz.

The Chairman: It is purely permissive. It merely enables me in this chair to adopt schemes, and we have to pay here, as you have on the other side.

Colonel Mentz: You want an enabling thing, especially for your Parliament and my trouble is that I am busy making it disabling. Empire Settlement and Migration.

Colonel Amery: I think you will find that the wording really effectively safeguards you, and Mr. Hughes is willing to accept that.

His Highness the Maharao of Cutch: I suppose this will be submitted to the Conference, will it not?

The Chairman: Yes, we will put it to the Conference for their general adoption.

His Highness the Maharao of Cutch: When it is written out fair I should like carefully to read it; it is rather difficult to follow the alterations as they are made.

The Chairman: Yes, I think it would have been better to have put the original resolution "The Committee adopts the recommendations of the report" &c.

Colonel Amery: The difficulty would have cropped up again in the main Conference.

Colonel Mentz: I suggest still that it seems to me best that a general resolution should be put, leaving this as the ways and means to be adopted to attain that object. I still think that is the safest course, because by the time we have finished considering it I do not think we shall have much left.

The Chairman: I thought we were all agreed, and I understood that Colonel Amery had seen each representative separately, and what he produced was an agreed report, and it was only for us to say: "The Committee adopts the recommendations set out in the report of the Sub-Committee on Empire Settlement and Migration, and submits that report to the Conference." That is what I thought was the best way of doing it, and then it would be quite open for any representative to make a minority reservation or submission, or whatever it might be.

Mr. Hughes: At the Conference?

The Chairman: Yes.

Colonel Mentz: At this stage it is my wish to move that resolution, with the reservation so far as it applies to South Africa, and let it go forward to the Conference.

The Chairman: I think that is the best way.

Colonel Amery: Then will you have the short resolution with the South African rider?

The Chairman: Very well. Then we have the short resolution and the rider is added by the South African representative.

Mr. Hughes: The rider that Colonel Amery read?

The Chairman: Yes, as modified to meet your view.

Mr. Hughes: By you?

The Chairman: Yes, about limited labour facilities.

His Highness the Maharao of Cutch: What is the rider?

Mr. Hughes: Without those words about your land laws?

Colonel Mentz: I am now moving the amendment for the consideration of the Conference, as we have got it here.

Colonel Amery: "The South African representatives, however, wish to make it clear that they do not consider, in view of the limited field for white labour in South Africa that the Union Government could join in a scheme of assisted passages. They wish to point out that the land settlement laws of the Union are applicable, and are of a generous character."

Mr. Hughes: It is understood that they will come up before the Conference?

The Chairman: Yes, and we have now adopted the shorter resolution; the little amendment you put in about Parliament, appears in the longer one. We have only taken the shorter resolution.

Colonel Amery: But the Conference itself will probably pass something in the nature of the longer resolution.

Mr. Massey: What does that mean? Do you suggest that you strike out the amendment that was agreed to a few minutes ago?

Colonel Amery: It is only postponed to the Conference itself from this Committee.

Mr. Massey: We can agree to it now: I have no doubt the Conference will agree to it. I want to save time.

The Chairman: The difficulty is this, that Colonel Mentz wants to insert his rider, and he prefers to insert his rider at the tail of the short general resolution that I have read rather than at the end of the longer resolution. I think that is what we had better do, on the whole, then we will submit this resolution to the Conference including your own amendment in it.

Mr. Hughes: Whose amendment?

The Chairman: The amendment about subject to Parliament, any sanction and the money.

Colonel Amery: I will have the amended resolution typed out and sent round.

Air
Communications.

The Chairman: We had better take the Air Communications resolution first; it is: "That an Expert Committee should be appointed representing the Governments concerned to report on the means and cost of shortening the mail and passenger route between England and Australia and New Zealand by establishing an air route between Egypt and Karachi, and on any similar proposal for shortening other mail routes which may be referred to it by any of the Governments of the Empire." I will ask the Secretary of State for Air to speak on this.

Airship
development

Captain Guest: In dealing with this subject I should like to say that we would very much welcome the suggestion contained in the resolution that an Expert Committee should go into the details of any proposals for development on those lines; but on the more general subject I should like to say one or two words. There are two methods, and they should be kept distinct—the airship and the aeroplane. I understand that last night the Dominion Prime Ministers were informed by the Comptroller-General of Civil Aviation of the details of the history of airships, and also of the possibilities of their commercial development, including, of course, the carrying of passengers. I only wish to add that generally speaking the only proposals that have come to us in connection with the Government offer which are worthy of close attention are two. One was put forward by Mr. Ashbolt, the Agent-General for Tasmania, and that contains, I think, a fundamental difficulty; it is that the public should be invited at quite an early stage to subscribe towards the necessary capital. As representing the Ministry, I feel that I must put forward and place on record my view that we regret very much drawing upon the public subscriber's purse at this time, particularly for an enterprise which has certainly not sufficiently developed to hold forth much prospect of dividend, and that we should have to accept the responsibility if we were to father that scheme. Both schemes contain another element which is undoubtedly a very serious difficulty to overcome; that is, that this Government, or the Governments, if they combine in an Imperial scheme, should be prepared to guarantee the companies against loss. Of course, the Chancellor of the Exchequer from the British point of view will have to have the last word in that connection.

Mr. Massey: Is that a condition of Mr. Ashbolt's?

Captain Guest: It is really an implied condition in both schemes. In one case it is slightly modified from the other. From the point of view of the British Government I submitted these proposals yesterday in a sketchy form to the Chancellor in order to obtain some information as to what prospects we had of receiving anything in the way of support from him, and he found himself forced to inform me that with the present charges upon the Government of even a more vital character it was almost hopeless to expect to obtain support in that direction.

Mr. Hughes: I think I ought to tell you that this morning the Prime Minister said that if the Dominions could agree to find their share, he, on behalf of the British Government, would find his share. That disposes of your objection.

Captain Guest: That is very helpful, but in that connection, and dealing particularly with Mr. Ashbolt's proposal, we also feel it our duty to point out that the figures which he has put forward are, to say the least of it, very optimistic. Air Communications.

Mr. Massey: He is an amateur, is he not?

Captain Guest: As far as this is concerned, I should imagine he is. According to our calculations, which have been circulated to the Dominion Prime Ministers, the establishment of anything like a regular air route between England, Australia and New Zealand would involve a very much heavier capital outlay and annual expenditure than is in any way suggested in Mr. Ashbolt's figures. Perhaps the Air Ministry paper has found its way to the Prime Ministers. Perhaps I may refer to it, because the differences between our calculations and the suggestions put forward by Mr. Ashbolt are so great. Roughly not less than ten ships would be necessary to undertake anything like a regular service between England and Australia and New Zealand. Cost of airship service.

Mr. Hughes: A regular service at what intervals?

Captain Guest: Once a week, we will say. That would involve a capital expenditure in the region of £3,000,000, of course spread over the period which it would take to construct the ships. The amount of organisation for that service would consist of at least four ground stations, and you will see at a glance that you must have a reserve airship at each station ready to go on in case of accident or any damage to the one in which you are travelling occurring *en route*. Again speaking from memory, we calculate £250,000 to £300,000 per ground station.

Mr. Massey: Say another £1,000,000.

Captain Guest: Yes, very nearly another £1,000,000. Then you have the question of the working expenditure. That, of course has been very carefully worked out, because we have some data on which to base those figures.

The Chairman: How quick would be the rate of replacement when you had started? There would have to be replacement, would there not?

Captain Guest: The most sanguine estimate is that a ship might last you five years, but that would again depend upon the amount of care you could give to it, and the number of times you could stop it and dock it, and get it in perfect trim.

Mr. Massey: It would also depend on the improvements which would be made. They would become obsolete before very long.

Captain Guest: I will not say that; I should say that the rate of development in the airship is not so very fast. It has been improved in technical details, but in construction the latest ship we have now is very little different from the Zeppelin which was made at the earlier stages of the war.

Mr. Massey: The gas is now non-inflammable, is it not?

Captain Guest: No, it is just as inflammable as it ever has been. The only reports we have on non-inflammable gas show that in small quantities helium gas can be obtained in America, but the quantities are very small, and the expense would be very great. It is further suggested to me by experts that even if you had your ships full of helium gas, they would be only a little less vulnerable than the present airship, which is, of course, very vulnerable.

To return to the service, there is no doubt that if the Governments could afford the money, the development along those lines could be carried to a very high pitch of success. It is purely a matter of money.

Mr. Ballantyne: How long would it take to make a voyage from England to Australia?

Captain Guest: Under the most favourable conditions, with almost perfect organisation, we could probably get to Australia in under twelve days. I do not think that is a rash suggestion.

Mr. Massey: How many miles a day is that?

Captain Guest: At sixty miles an hour it would take nine days.

Mr. Massey: It is over 1,000 miles a day, anyway. I was thinking of the connection with New Zealand. That would really mean another day.

Air
Communications.
Recommends
expert Committee.

The Chairman: I would strongly recommend the Committee to be content at this juncture with adopting the resolution which sets up an Expert Committee, and which will enable all these schemes to be examined and tested with a view of practical proposals being made. If we were to embark upon a general discussion of the technical aspects of airships and aeroplanes, and so on, we certainly should not be able to get through our business. As far as the airship scheme is concerned, of course there is no doubt whatever that it offers you an ideal means of communication, but I think there is also no doubt that the cost at the present time is utterly prohibitive. Apart from the ten ships which are to be provided, and the ground stations, which involve a capital outlay of very nearly £5,000,000, you would have to provide for constant replacement. It would be absurd to suppose that you would not have two ships a year knocked out. Then there is the ordinary wearing out of them in five years, which would necessitate replacement, and so you would probably require to build four ships a year at a cost of £320,000 each. Therefore you would have your £5,000,000 of capital expenditure, your £1,200,000 or £1,300,000 a year for replacement of the ships, and you would have in addition the cost of the very expensive personnel, which is estimated at £700,000 per annum. When you come to look at that you will see that you are getting into sums of money which we could easily have provided if we had not been occupied in fighting the war. We could have done it had it not been for the terrible loss which we have sustained in connection with the war, but, as it is it will be some years before this kind of development will take place.

Mr. Massey: I understood General Sykes to say last evening that two years would be required for experimental purposes.

Major-General Sir F. Sykes: For operational work.

Recommends
experiment.

Mr. Hughes: I appreciate that we cannot thrash this matter out in details, but I cannot vote for this resolution, because to vote for it would be to commit myself to a policy in which I do not believe. I cannot lay my hands now on any of those gloomy lucubrations which were current at the time when Stephenson started to run his locomotive in this country, but I have no doubt that if we could lay our hands on them we should read something very much like that which we have heard this morning. The airship is a new thing. In any discussion we are therefore surrounded by difficulties. I am not going to say for one moment that what Captain Guest said is not true. I do not know anything at all about it, but I cannot believe that the way out is the way which he suggests. What can a Committee do in this matter, after all? There is only one way to find out what airships can do, and that is to try it. If you propose to sit down and make these investigations of which you spoke and if you make your deductions from scientific investigations only, and not from experiment, we shall make no real progress. I think the way to see whether airship communication is practicable over long distance or not is to try it. I have not read Mr. Ashbolt's proposals through very carefully, but I do not agree with your apparent estimate of his character. Perhaps you do not quite realise that he is a very keen business man. I never met him before, but he is a very keen business man, and he is the last person, I think, to indulge in visions. I quite appreciate what you say about inviting the public to subscribe money, and I am against that; I agree with you there absolutely.

The Chairman: We should be taking a great responsibility upon ourselves if we got of lot of public money subscribed; we should be queering our loan market, and everything and then have a great failure.

Value of air
communication in
Empire
Government.

Mr. Hughes: I agree, but the Prime Minister and the Dominion Prime Ministers have been considering this question. Last night, and again this morning, we considered it from a quite different point of view to that which you have put forward; quite rightly, as a commercial proposition. But Mr. Massey and I and the other Prime Ministers have to consider the question of Empire Government and development. If there were any means by which it would be possible to govern this Empire by any body which had authority by reason of its very circumstances to speak for the Empire, that would be a very good thing, and it would be well worth paying for. As things stand now, Empire Government is quite impossible. It takes Mr. Massey and I six months to come and go. Captain Guest can hardly be called an optimist, if we are to judge him by what he has said this morning. I venture to say that you must consider the proposition from an Empire point of view, as well as from a commercial point of view. I admit that from the standpoint of the Postmaster-General it would require a great deal to convince me, if I were in his

place, that I had a safe and sure means of locomotion now at my command of winging my way along these upper airs, but still, what I urge is this, that we should at least do something that is practical by putting the matter to a test. The only practical way to find out whether airships will do what we want is by actual experiment over the routes. You can put up the masts at the different places if the Governments of Britain and the Dominions supply you with money. Then we shall see from experiments whether it is possible or not. We say: spend, if you like, \$1,000,000 or £750,000 to ascertain definitely whether the airship is a reliable means of communication over long distances. That is worth all the other experiments that you could make. I think you will admit as a practical man that that is what we ought to do. You will then make your experiments, not in other climates, but along these routes which we desire to explore and eventually to travel continuously. Therefore I would suggest that, instead of this reference to an Expert Committee, you should agree to these experiments, which will offer the best possible means of exploring the whole of the possibilities. You would know the conditions in the tropics, the wind, its velocity, and how exactly the airship would behave, and its liability to break down.

Air
Communications.

Captain Guest: That has all been done.

Mr. Hughes: Very well; if it has all been done, what is the Committee to do?

Captain Guest: To decide whether it will find sufficient money to make a permanent service.

Mr. Hughes: The Prime Ministers have decided that they will find the money for this.

The Chairman: I do not know about that. I think we really must look into it in detail, because this is not a time when you want to throw a million of money away on an experiment. I should like to point out that £750,000 spent on the fuel of a great warship like the "Renown" would carry the Dominion Prime Ministers here for the next five or seven years with the most extraordinary rapidity.

Mr. Massey: You have plenty of ships now.

The Chairman: If the idea is to annihilate distance, you can certainly get a 25-mile-an-hour service for all essential purposes of the British Empire.

Mr. Hughes: I asked Mr. Lloyd George yesterday how much it would take to go to Cuba and back, and he said £100,000 for the "Renown."

Mr. Massey: No, it was Honolulu.

Mr. Hughes: Yes, £100,000 to Honolulu.

The Chairman: This is £750,000, and I should have thought that the spending of that money would be very strongly opposed without very strong scientific advice that a commercial and practical result was going to come from it. I have had some experience in this matter, because for some two-and-a-half years I was in charge of the Air Ministry, and I had these airships, and was very hopeful that we could do something with them, and there is no doubt we could from every point of view except the expense. That is a very grave matter at the present time, and I am sure there are much better ways of spending such a sum as that in furthering the cause of effective Empire Government than by these experiments.

Mr. Hughes: I do not put it forward for that reason alone, but what are you going to do with the airships? Are you going to make experiments with these airships? What are you going to do with them? How much is it going to cost you for these experiments?

Mr. Ballantyne: I do not look at it exactly in the same way as Mr. Hughes does with regard to the resolution before the Committee now, which is merely calling for an Expert Committee to be appointed to look into all the phases of this question, and then the experiments will follow later, provided that the United Kingdom and the Oversea Dominions agree; but I do not see how we can do anything better at this moment than adopt the resolution calling for an Expert Committee. Surely that is the first step to take. The question of cost, and whether we will go into it or not, is, of course, another matter.

recommends
expert Committee.

Mr. Hughes: But we are told that all these experiments have been made, and that they know all these things.

Air
Communications.

The Chairman: The data are available on which the Committee could undoubtedly advise.

Mr. Massey: I am just as anxious as Mr. Hughes can possibly be to shorten the distance between the different countries of the Empire, because after a whole fortnight's discussion we know the urgency of it. I listened very carefully last night to General Sykes, who is probably the greatest authority—certainly one of the greatest authorities—in the world on this subject, and I came away convinced that the line he took was right, that another two years was required for experimental purposes before a definite suggestion or proposal could be brought forward. Very well, we follow that up by what Captain Guest has said, and what is proposed here; and, by the way, I see that this resolution says: "by establishing an air route between Egypt and Karachi." There is a great deal more than that requires to be done, as far as I am able to judge, because that is only one very short distance on the whole of the route.

Captain Guest: You will see that the aeroplane proposal fits in very closely with that

Mr. Massey: I think we might take it for granted that so far as aeroplanes are concerned they are out of the question. Do you not agree?

Captain Guest: No, I have something quite distinct to say about them.

Recommends
expert Committee.

Mr. Massey: I cannot speak as an expert, but I have watched what the newspapers have said about them from time to time, and I see that one of our experts was killed yesterday. I was just going to say that, so far as I am concerned, I support the Committee proposal, because I think it is absolutely necessary. This is a Committee of experts intended to be a Committee to deal with the position so far as it has been ascertained up to the present. I think that is all that we can do at present.

The Chairman: With representatives of the Dominions.

Mr. Massey: If the report is favourable I am prepared to go the full length, but let me say this, that if I ask the New Zealand Parliament for its share of this £750,000 which these experiments are expected to cost I do not think I shall get it. I think I know the mind of my Parliament as well as any man knows his, and I do not think I should get that unless I could put something more definite before them. They would say that this proposal was in the air in more senses than one.

Mr. Hughes: There is a point that Mr. Massey has overlooked. He based the whole of his argument upon this, that General Sykes said that two years were required for the experiments, but if he had attended more closely this morning he would have heard that General Sykes pointed out that this experiment was an operative experiment in this very way that I speak of. General Sykes is here to speak for himself, and he will correct me if I am wrong, but he said that the best way of experimenting was by doing that which I have indicated.

Captain Guest: I cannot think that General Sykes said that £750,000 was enough for developing the British-Australian air route.

Mr. Hughes: Let us stick to one thing at a time.

Course of
experiments
suggested

Major-General Sir F. Sykes: It was operational experimental work that I intended. I did not mean experimental work inside a factory or workshop, but operational experimentation.

Mr. Massey: I quite understood that.

Major-General Sir F. Sykes: That work will be developed in stages, as I said—first of all a link from Egypt, and so on—and it would develop gradually as you obtained the experience. But I am in entire agreement that the only way to see whether this scheme has any value in it or not is by actual work. You must do the work to find out if the thing is of value or not. You cannot do anything by merely operating round a mooring mast in England or Australia or anywhere else, but you must actually work between two long-range points.

Mr. Massey: My impression was, after hearing General Sykes, that he was very strongly of opinion that there would be two years occupied in experimental work before he would be able to say: "Here is a practical air route to Australia and New Zealand."

Mr. Hughes: The whole point is that he would make those experiments along these very routes now. Air Communications.

Captain Guest: At whose expense—at the combined expense of the Governments?

The Chairman: I shall certainly take an opportunity to examine this proposal critically, because I know the money we spent last year and the year before on experiments; and this year a very large sum has been spent; and every day that passes that we keep this airship station in existence is throwing a very heavy burden on the taxpayer. I very much doubt whether there would be any justification for spending another three-quarters of a million upon it. I think it must be examined in detail. However much one wants to achieve the purpose, one must examine it in detail, and I think it might easily be found that there were far better ways of spending the little money that there is available for purposes that we have in common. I was going to point out that this Committee will in no way bar any views which you may take, and it will do no harm to have its views, nor does it exclude any experiment or any scheme being adopted. On the contrary, it supplies the only method by which this topic can be discussed. The experts may be financial or they may be technical, as the case may be, according to the branch of the subject to be examined; but there is this alternative, that we do not pass this and do nothing at all.

Mr. Hughes: I say, with all respect, that this resolution means nothing at all, unless my interpretation be accepted, namely, that the experiments shall be operational ones (to use the term used by General Sykes) along the routes it is desirable for an Empire airship service to go. How will it help to start an air route between Egypt and Karachi?

Captain Guest: Because we are discussing airships and aeroplanes.

Mr. Hughes: I am entirely at one with my friend Mr. Massey that aeroplanes will not help us at all.

Mr. Ballantyne: We are not discussing the type of ship.

Mr. Hughes: I assume that Ross-Smith may be regarded as an authority on flying, and I can quote from his report that for long distances flying in aeroplanes must be discouraged and that the airship is commercially its superior. Therefore, since what we are talking about now is long-distance flying, we are bound to consider the airship. *Relative expenses of airships and aeroplanes.*

The Chairman: There is no doubt about an airship being superior to an aeroplane, but it costs £320,000, as against £10,000 for an aeroplane

Mr. Hughes: And the expense of running per mile is less for an airship than for an aeroplane.

The Chairman: No, that cannot be so.

Captain Guest: I am sure there is room for an Expert Committee to discuss that point.

Mr. Hughes: I have no doubt there is.

The Chairman: Then the question which we must settle really is whether we can agree that a Committee should be set up, or whether we can make any recommendation at the present stage

Mr. Hughes: In view of the discussion this morning, I can hardly think that I should be justified in voting for this resolution, because it is in direct conflict with the result of our discussion this morning with the Prime Minister. I ask General Sykes: Is that your view?

Major-General Sir F. Sykes: I think that we must get something into operation at once. That is the only way to do it. We have at present got until August 1 as being the date on which everything shall be shut down. Having only until that date is in itself very disadvantageous to the service because the personnel do not know a bit what is going to happen. They are very disturbed about the conditions generally, and we ought to decide definitely one way or other what we are going to do. If we can here decide by what method the thing can be carried on, I think it ought to be done in that way. If on the other hand the Committee is the quicker way I think that should be done. Whatever we do we ought to do it absolutely at once.

Mr. Massey: I agree to the Committee

Mr. Ballantyne: Agreed

Mr. Hughes: What are you going to do with the airships which you have? The offer expires on the 1st of next month.

The Chairman: How much did we have in the estimates this year for the airships?

Captain Guest: £250,000.

The Chairman: By the 1st August we shall have spent the whole of that £250,000 which we took on the votes this year

Captain Guest: No, about £147,000 because we diverted a certain amount of it to civil aviation in this other branch.

Mr. Hughes: I do not know the terms of your offer. It has never been submitted officially to the Government of the Commonwealth.

The Chairman: Yes.

Mr. Hughes: No, I wrote you a letter to ask you to extend it for three months, and alternatively I ask you to note that the Commonwealth of Australia is desirous of having these offers made to it.

The Chairman: They are already made.

Mr. Hughes: You make the offer at large. If you have had no response, I ask you to make the same offer to us as you made at large.

The Chairman: I am certain that the Secretary of State and the Air Ministry would gladly do that without any hesitation. The offer which we made during my time at the Ministry was made to the whole British world.

Mr. Hughes: I ask you to note what I have said with regard to the meeting with the Prime Minister this morning. Mr Lloyd George said that if we could agree, Britain would pay her half of this £750,000. The point is not whether that is sufficient, but that it is the beginning of a scheme. If it is not sufficient, it is not, and we shall soon find that out.

Captain Guest: I think we could inform this Committee exactly how far that amount would take us. That would be of value to the Committee.

Mr. Hughes: If this resolution were redrafted in a way which would enable us to agree to it without receding from the position we have taken up this morning, not limiting the scope of the enquiry, but confining it to airships, and not extending it to aeroplanes, then I could vote for it without prejudice.

Captain Guest: Would you care to hear the point of view of the Ministry on the aeroplane service?

The Chairman: Certainly, let us hear it. The only difficulty is time. We have a big agenda to get through

Mr. Hughes: The way to get through is not to agree to something that will not get things done. I agree that that is a way of clearing the agenda paper, but I think if you consider a thing is good, you ought to do it, and I think this is worth trying. I quite agree with all that you say, as to this being very much in the clouds, which is, after all, what you might expect of such a project, but let us at least try whether airships are a practicable means for long-distance travelling. Here you have the airships and that £375,000 of capital, so we might try.

The Chairman: If you like, we can make the resolution more definite. We might say: "To examine among other things this particular proposal in its financial and technical bearings, and to report."

Mr. Hughes: Yes. Then I shall want to know whom this Expert Committee is to be composed of.

The Chairman: The Committee would be set up in consultation with the Dominion representatives.

Mr. Massey: Composed of the best men you could get?

The Chairman: Yes.

Captain Guest: We shall place at the disposal of the Committee all the expert evidence that they can possibly require, and it would be really for the representatives of the Dominions to say what they want. They could have whom they wanted. Air Communications.

Mr. Hughes: But, of course, all this must be done almost immediately; otherwise it will be no good

Captain Guest: We can hold it this afternoon, if you like.

Mr. Hughes: We cannot do it off-hand, but would it be possible for somebody to redraft that resolution on the lines of what we have said, and submit it to you, and see if it meets with your approval, and then you could put it before us.

The Chairman: We have not discussed this subject at length because, in order that it should be discussed properly, it would need perhaps twenty sittings of lengthy argument and discussion and it is not our business to do that, but to employ experts who will make the fullest necessary examination; therefore I think, if you want to widen the reference or to make it more definite, that is perfectly helpful and we can incorporate that in the resolution.

Mr. Hughes: I suggest that it should read: "on the means and cost of shortening the route between New Zealand and Australia by establishing an airship service."

Captain Guest: I should like you to make it "air route" to cover the other alternative.

Mr. Hughes: No.

Captain Guest: You have not heard my case on that yet.

Mr. Hughes: No, it would disturb my judgment, which is now fixed, to hear the other side.

The Chairman: Really the views which we are bringing forward are the result of enormous investigation, and I can assure you, you could have literature which would occupy you during a long time.

Mr. Hughes: I have read everything that has been placed before me, and I have had the opportunity of talking to Sir Ross-Smith. I do not put Sir Ross Smith against the experts who are at the disposal of the British Government, but I take it, after all, that he does know something about flying, and I have gone into this at great length with him. However, I will waive that and agree to "air route between England and Australia and New Zealand."

Captain Guest: Certainly we do not mind that a bit, but I should like to mention South Africa in this.

Mr. Hughes: Certainly, "and South Africa."

Captain Guest: I want that in because the route might go that way.

Mr. Hughes: I entirely agree.

Major-General Sir F. Sykes: Would it not be best to say "Imperial air routes"?

Mr. Hughes: Certainly, I do not mind that.

The Chairman: "on the means and cost of developing Imperial air routes."

Mr. Hughes: "Establishing" is the word here.

The Chairman: Very well, "of establishing Imperial air routes." That leaves it very general.

Mr. Hughes: England, Australia and New Zealand are there, but South Africa is not there: had you not better add South Africa?

The Chairman: I stop there because there is the Atlantic route as well, and so on.

Colonel Mentz: I thought you were going to strike out those words.

The Chairman: May I read the resolution which I suggest: "That an Expert Committee should be appointed representing the Governments concerned to report on the means and cost of establishing Imperial air routes." That is all.

Mr. Hughes: No: do not you want to go on: "That an Expert Committee should be appointed representing the Governments concerned to report on the means and cost of shortening the mail and passenger routes between England, Australia, New Zealand and South Africa by establishing an air route"?

The Chairman: Very well: "by establishing an air route."

Mr. Massey: Are you leaving in the other words: "and on any similar proposal"?

Mr. Ballantyne: Why mention certain privileged oversea Dominions; "Imperial air route" covers everything.

Mr. Hughes: Very well, strike out the word "Imperial."

Mr. Ballantyne: Why specify Australia, New Zealand, or any other oversea Dominion?

Mr. Hughes: Because if our circumstances were like yours we could go home on a steamship. You do not suggest for one moment

Mr. Ballantyne: No, what I say is the words "Imperial air routes" covers everything.

Mr. Hughes: Of course it does, but we do not want it to cover everything, because it would cost an impossible sum of money.

The Chairman: I think on the whole we had better withdraw the resolution and adjourn the discussion, and we will draft a resolution of a somewhat different character and bring it up on the next occasion if we may. In the meanwhile I shall have the advantage of hearing what the Prime Minister decided as to the sums of money which are to be provided by the British Government of which I had not heard until it was mentioned by you. I do not think there is very much use in our continuing the discussion. It is really a very extensive one; there is all this question of the airships and all this question of the aeroplanes, and the particular section of the route which is now practicable and could be taken at once, on which a great deal has to be said.

We have the representatives of the press waiting here on the question of the news services; they have been waiting for a quarter of an hour, and as we are not entirely agreed upon the resolution, and as in addition it is very inconvenient to try to draft it round a table, I think we had better adjourn the discussion of the air, and after talking it over with various people I will submit to you a more comprehensive and definite resolution if that is what you wish.

The Board of Trade are here, and I am afraid we must choose whether we will receive the press delegation, consisting of Lord Burnham, Lord Riddell, and others, or whether we will go on to deal with the question of the Imperial Shipping Committee. Of course if we could take the resolutions on that Committee and accept them it would be convenient, but if there is anything to be discussed I think we had better see the press delegation, which is here, and take this matter up at our next meeting.

Mr. Massey: There will be discussion on them.

The Chairman: Yes. I am very sorry, Mr. Baldwin, that we have to take the press delegation now.

Mr. Baldwin: I quite understand, and it cannot be helped. When do you propose to deal with this?

The Chairman: It cannot be to-day. We will give it a day as soon as we can. Then there is wireless. We shall have to adjourn that as well.

Mr. Kellaway: Are you going to want the wireless people?

The Chairman: I think we had better keep the wireless gentlemen here while the press are here. We can go on to-morrow morning with this discussion at 11 o'clock.

A Deputation consisting of the following was received by the Conference :—

Press Delegation.

LORD BURNHAM, C.H., T.D., President of the Empire Press Union and of the Newspaper Proprietors' Association.

LORD RIDDELL, Vice-Chairman of the Newspaper Proprietors' Association.

Sir RODERICK JONES, K.B.E., Managing Director of Reuter's

Mr. ROBERT DONALD Chairman of the Empire Press Union.

Lord Burnham: Mr Chairman and Gentlemen, on behalf of the Empire Press Union and the Newspaper Proprietors' Association I have to thank you for receiving us here to-day. Those who are with me are Lord Riddell, who is Vice-Chairman of the Newspaper Proprietors' Association and Chairman of the weekly newspapers, Mr. Donald, who is the Chairman of the Council of the Empire Press Union, and Sir Roderick Jones, who is Chairman and Managing Director of Reuter's.

I take it for granted that you have not only received but read the two memoranda, both the original and the supplementary document, which have been circulated by the Council of the Empire Press Union. May I take that for granted, Sir?

The Chairman: Yes

Lord Burnham: You may have also had sent to you memoranda by Mr. Donald dated June of this year, relating to an all-Empire wireless system. and therefore, knowing how precious your time is, I do not want to trouble you with what is already within your knowledge.

May I be allowed to draw your attention to the resolutions passed in August of last year by the second Imperial Press Conference, over which I had the honour to preside, at Ottawa. Copies of the report of the Empire Press Union, containing these resolutions, were sent to the Prime Ministers of the various Dominions,* but I do not know whether they have them within their recollection. The cable and wireless communications were the subject of these resolutions :—

*Resolutions of
Imperial Press
Conference, 1920.*

“(a.) That this Conference is strongly of opinion that it has become necessary to secure forthwith facilities for the better, quicker and cheaper conveyance of news throughout the Empire, and calls upon the Empire Press Union to take immediate steps to attain this end.

“(b.) This Conference strongly recommends the Governments of Great Britain and Ireland, of the Dominions, and of India to encourage the development of cable, wireless and other facilities for the exchange of news and opinion within the Empire, and to assist in securing reduced rates for such inter-communication: any such assistance to appear specifically in the estimates of public expenditure, and to be so directed as not to affect the quality of the news-service supplied or the freedom of the newspapers so served.

“(c.) This Conference is of opinion that the full utility of cable and wireless communications, as a factor in educating public opinion and in maintaining a good understanding between all peoples of the Empire, will not be attained until rates are reduced to a basic charge of one penny per word for press messages throughout the whole of the British Empire.

“(3.) This Conference is strongly of opinion that steps should at once be taken to provide the British Empire and the world with the advantages of wireless telegraphic and telephonic communications, and it urgently requests the Governments of the Empire to secure by public or by full facilities for private enterprise, at an early date, adequate wireless services throughout the Empire.

“(4.) That with a view to improving cable and wireless communications and inter-Imperial news-service within the Empire this Conference suggests that each delegation shall press upon its own Government the initiation of negotiations with the neighbouring Governments of the British Dominions for such improvement of cable and wireless communications between them as will be to their mutual advantage; information as to any action taken by delegations in this connection to be communicated to the Empire Press Union.

“(5.) That a Committee be appointed (which was done by the Empire Press Union) for that purpose.”

In addition to that, Sir, we obtained the appointment (the Post Office, of course, acting on its own responsibility) of a cable and wireless users' committee which sits at the Post Office here, and upon which we have two representatives, both of whom are here to-day, Lord Riddell and Sir Roderick Jones.

Press Delegation.*Press cable rates.*

It might be of advantage to the members of this Conference if I were shortly to give the present press cable rates throughout the Empire: from Great Britain to Egypt, $3\frac{1}{2}d.$ per word; to South Africa, $3\frac{1}{2}d.$; to Australia, $7\frac{1}{2}d.$; to New Zealand, $7\frac{1}{2}d.$; to India, $4d.$; to Ceylon, $4\frac{1}{2}d.$; to Canada, $5d.$ viâ the Commercial and $3\frac{1}{2}d.$ by the Western Union; to New York, $6d.$ The deferred rates are as follows: to Canada, $2\frac{1}{2}d.$ per word; to New York, $3d.$; and to Australia $4\frac{1}{2}d.$ There is no deferred rate in operation in the case of India, Ceylon or South Africa.

I should like to say that we are very much obliged for the announcement already made of the reintroduction of the deferred rate, and at yesterday's meeting of the Council of the Press Union, in the memorandum which has been put into your hands, we expressed our obligation, but at the same time our fear, that in the present congested condition of the cables the delay in the case of deferred messages makes their use impossible. This can be confirmed by Sir Roderick Jones on behalf of Reuter's, that practically the concession, though we appreciate it, is of no immediate service, because the overloading of the wires which is now the case renders it useless in fact in practice.

With regard to the Imperial wireless system, the Council of our Union yesterday adopted a resolution which is in your hands:—

“That this Council is deeply convinced of the necessity of combining Government support with private enterprise and competitive business administration in any world-wide British wireless system; and urges all Governments within the Empire to co-operate on concerted lines without further loss of time to secure important business and political advantages that will otherwise be obtained by other enterprises.”

Dominion news in British press.

• I have noticed that there have been strong comments by some of the Prime Ministers and Ministers who were attending the Conference on the absence of Dominion news in the British press, and I thought it might interest them if I had taken out in the case, of my own paper, the “Daily Telegraph,” the amount used in the case of the Dominions and India from January to June of this year from both our special correspondents and from Reuter's. The amount is, to give it shortly, in the case of Canada from our own correspondent in the six months, $11\frac{3}{8}$ columns, and from Reuter's $31\frac{1}{16}$ columns; in the case of Australia, $13\frac{1}{2}$ from our own correspondents and $24\frac{5}{6}$ columns of Reuter; in the case of South Africa, $12\frac{1}{4}$ from our own correspondents and $8\frac{1}{2}$ of Reuter; in the case of India $45\frac{3}{4}$ from our own correspondents and $19\frac{7}{8}$ from Reuter; and it is only fair to say that that includes a certain amount of special articles. But of course I need not say to you that 45 columns represents over 6 pages in the six months of special telegrams, which, considering the rate, is not, I think, very insufficient in the case of India, though I admit that the figures with regard to the Dominions are not so favourable.

The arguments, which are well known to you, I will not put again before this Conference: practically everything depends if we are to have fuller and wider dissemination of inter-Imperial news on the general lowering of the press cable rates and the facilities afforded to us of wireless communication. Lord Riddell tells me that I am at liberty to mention what took place (but I will not do so if the Postmaster-General objects) at the last meeting of the Cables and Wireless Users' Committee.

Mr. Kellaway: I do not object at all.

Need for improved communications in Empire.

Lord Burnham: “Lord Riddell enquired whether any specific proposals were being put before the Imperial Conference concerning the improvement of communications within the Empire. He regarded it as vital that these should be improved in order that the British point of view might be kept more before the public in the Dominions, inasmuch as there was a steady increase in the amount of news supplied from the United States. Sir Roderick Jones said that he was very much impressed, during his visit to Canada last year, at the preponderance of United States news in Canada. He considered it of great importance and urgency that a British news-service to Canada should be established. This could not be done at present as the press rate between the United Kingdom and Canada was too high. The Canadian press could not afford to get their news direct from this country unless the press rate were reduced to four cents a word.” He is speaking for Reuter's the biggest news-agency of course in the British Empire, and almost in the world—I do not know how far the American Associated Press exceeds it. I should like to say that in fact it was confirmed by what was said by Sir Evelyn Murray.

He said "that he gathered that there was no serious complaint regarding the quality of the press service provided within the Empire." There is a very serious complaint on the lines that we have submitted in the memorandum which we have had the honour of forwarding to you "He mentioned that there was a proposal for improving communication between Australia and North America by a partial duplication of the Pacific cable. The scheme was now under the consideration of the Australian Government. As regards rates, the Post Office was prepared to reintroduce over the Imperial cable the deferred press rate to Canada at $2\frac{1}{2}d.$ (five cents) a word as soon as the Pacific Cable Board would agree to reintroduce the rate between Canada and Australia. Both the Imperial and Pacific cables were congested at present owing to the heavy delay on the Eastern Company's cables. A lower ordinary press rate to Canada (at present $3\frac{1}{2}d.$ a word-via Imperial or Western Union and $5d.$ a word via Commercial) would not be remunerative, and, so far as the Post Office was concerned, could not be entertained. The desired reduction could only be made by a direct subsidy to the press and this seemed a matter more for the Colonial Office than for the Post Office. After some further discussion the unofficial members of the Committee stated that they desired to represent to the Postmaster-General that immediate steps should be taken to reduce the press rate to Canada to $2\frac{1}{2}d.$ a word, and also that the Government should take into consideration the further reduction of the rate to four cents a word so as to meet the financial requirements of the Canadian newspapers as expressed at the recent Imperial Press Conference in Canada."

Press Delegation.

Mr. Kellaway: On your last point, the $2\frac{1}{2}d.$ rate to Canada has been reinstated.

Lord Burnham: Yes, but, as Sir Roderick Jones, says, it is of no practical effect at present, and I am bound to say that is my own belief as well.

I should like to say with regard to India that we are now getting four or five days delay with our telegrams. That shows very little sign of decrease, and we have submitted to you to-day the case of South Africa, which complains very much. The London Editor of the Argus South African Newspapers, Limited—representing a large group of the leading newspapers of South Africa—states that in June ordinary press messages took over six days in transit to South Africa. He says: "This great delay, at a time when there was so much news of vital importance to all the Dominions, involved the use of many full-rate messages at $2s. 6d.$ a word, and sometimes even at the 'triple rate' of $6s.$ per word. The latter rate was at one time unheard of for press work except for brief reports of exceptionally important events. It now has to be used regularly for ordinary information." That is the London correspondent of the Argus South African Newspapers, which are well-known to Sir Thomas Smartt and General Smuts.

Delay in cables.

I have put the case before you, and I do not think you wish me to do anything else. There is a strong movement to have a fuller service of news throughout the Metropolitan press and throughout, I think, the provincial press of the country. The present rates are prohibitive: they are prohibitive especially with regard to social news, which creates an interest which is not, it is only fair to say, always the case when it is merely political news. If you want the right atmosphere you must have social news as well as political news. As a matter of fact I can tell Mr. Hughes that we have no social news of any sort sent us from Australia, the reason being the cost.

Mr. Hughes: Do you prefer the stations which can communicate direct, or through wireless?

Lord Burnham: That is a matter which we as pressmen do not think we are competent to speak about: we only want to get the results.

The Chairman: I think that point will follow very naturally in this discussion, and that is why I have asked the wireless people to stay.

Mr. Hughes: You want it cheaper and better?

Lord Burnham: Yes. As we are happy to know there is not a single paper that receives any Government subsidy in this country, everything depends on our being able to obtain cheaper rates for telegraphic news, whether cabled or wireless. It is not a subject on which we are prepared to speak, not having the technical knowledge in our body to enable us to do so, but Mr. Donald has made a special study of that question, and you have in your hands his memorandum; and you have also received various communications. Therefore so far as the press is concerned, if further

Press Delegation.

information is wanted on that head, Mr. Donald is here prepared to speak. I have only to say that I am certain the goodwill is here, but of course we have to live: we depend on the ordinary conditions of commercial existence, and therefore it is not possible to hold out that at the present rates and under the present burdensome conditions it will be possible largely to increase the amount of Imperial news given in the columns of the daily press.

We shall be prepared to answer any questions which you care to ask.

The Chairman: I do not know whether the Prime Ministers wish to ask any question or to make any observations in reply to the statement which Lord Burnham has made, but if they do I shall be glad to hear them. We have only a quarter of an hour left.

Cost of Australian messages.

Mr. Hughes: I have not the exact number of columns which came from Australia, but could you give us any idea of the average cost per word of press messages, no matter under what category they fall, at present?

Lord Burnham: 7½d., but of course for urgent messages which we are obliged to use now it comes to a great deal more. Ordinarily we use the press rate. We do not use the deferred rate at all, because in practice that means an intolerable delay.

Mr. Hughes: Is there not a rate which costs as high as 9s.?

Lord Burnham: Yes, that is the urgent rate. Perhaps Sir Roderick Jones could give you some information about that.

Sir Roderick Jones: It is not used to any great extent from Australia, except in periods of congestion and when there is congestion we have to take the 9s. rate—there is no help for it—and then it may run into hundreds of words.

Mr. Kellaway: This is really the cause of the situation: the Eastern telegraphs are at present very badly congested, and there is a breakdown now, I think, in the Indian Ocean. If the Eastern Telegraph Company completes their programme, especially if they succeed in getting alternative routes, one through Russia and another across Germany through India, then the deferred rate will be of more value. I agree at the present time that as regards practical working the deferred rate is of very little value.

Mr. Massey: Will it be possible to make the business of sending messages pay in the event of the lower rates that you suggest being adopted?

Lord Burnham: I think I hardly ought to give an answer to that question, because I am speaking here solely from the point of view of the newspaper press. I am told that it would not pay, but then of course there are wider considerations, it seems to me, which come into play.

Mr. Hughes: What do you think?

Lord Burnham: At lower rates such as we contemplate I am told the service would not be a self-supporting service, but I do not know.

Mr. Hughes: Are you speaking of the cable?

Lord Burnham: Yes, but of course I am not able to answer on that point.

Mr. Kellaway: That really is the point. I am satisfied on information given to me that it would not pay, and as a matter of fact there has been no increase of those rates since the beginning of the war. Some of them have been actually reduced, as you know, and I think you met that point when you said that any assistance given to the press should appear in the estimates. Frankly, it will mean a very substantial assistance.

Mr. Massey: How is that deficit going to be made up?

Present delay in communications.

Lord Riddell: Should we not be wasting time going into this question as to the press rates? How can we tell at the present period what the cost of these services will be? Obviously we want news, but exactly what it is going to cost or what remunerative rates would amount to I do not know, nor what is the difference between remunerative rates and the rates which we propose. If I may say so, I think the main point we have to consider is whether a wireless service is necessary for purposes of Empire. It does seem an amazing thing that at this time it should take a day and a half to communicate with South Africa, and a day and a half to communicate with Australia, and three days to communicate with India.

The Chairman: To get an answer back do you mean?

Press Delegation.

Lord Riddell: No, to communicate, to send out a message. Here you have the heads of these great Dominions, charged with all this responsibility, who may want to get into touch with London, with the Prime Minister, with the Foreign Secretary, the Colonial Minister, or whoever it may be, and they cannot do it except subject to those delays.

Mr. Massey: I often get a message replied to within twenty-four hours. That is my experience, and I am even further away.

Lord Riddell: New Zealand is a specially blessed country in many respects.

Mr. Kellaway: Our two Governments can communicate within a quarter of an hour.

Mr. Hughes: I have known a Government message take five days to come.

Mr. Kellaway: Australia got the result of the Test Match within eleven seconds.

Mr. Hughes: I am speaking of ordinary business

The Chairman: I was anxious that the delegates with whom I am in touch representing the Newspaper Association should meet the Dominion Prime Ministers in order that Lord Burnham should put before you formally the statement which he has put, and that you should ask any questions which arose out of it, and then we must consider what can be done to further the common interest of the Empire with regard to the transmission of news. I think if there are any further questions to be asked they might be asked now, and then we might consider the suggestions which have been put forward by Lord Burnham and his colleagues by ourselves in the course of our different meetings. To-morrow at 11 o'clock we meet here again, and I should like Mr. Donald, who has some views on the wireless aspect, to let us have them, and then we could begin with a discussion on the wireless aspect. I would ask Sir Henry Norman to begin to-morrow by making a short statement just telling us what is being done. Do you approve of that course, Mr. Kellaway?

Mr. Kellaway: Yes.

The Chairman: Then if you wish to ask any questions you could do that. You, Mr. Donald, take a somewhat different view, do you not, from Sir Henry Norman?

Mr. Donald: Yes.

Mr. Hughes: If we are going to open up that discussion at all it will lead to further questions, and that can be done to-morrow.

The Chairman: I quite agree. I think we can afford to give at least an hour to it on this Committee.

Mr. Massey: The subject is one of great importance, and I should like to say that while we all want a very much better service both of wireless and cable, and while we feel the necessity for it, I do not see how we are going to do anything unless we consider ways and means. There is going to be a deficit, and who is going to make it up? Let us know where we are going.

The Chairman: Very well, but I wanted you and the Dominion Ministers to hear first of all what is being done, and if Sir Henry Norman can manage to give us the position in ten minutes I shall then ask the Committee in this as in other cases to appoint a sub-committee to thrash out the matter in all its aspects, which it is impossible for us to do here

Mr. Kellaway: That does not touch the question of wireless telephony, which is on the agenda.

The Chairman: We will deal with that later.

Lord Burnham: May I say that with regard to general press matters we are using the telephone far more than we used to do; it is the predominating movement in journalism to-day, and there should be just as much overseas and wireless telephony as there is now internally under the present conditions.

(Adjourned to to-morrow morning at 11 o'clock.)

SECRET.

E. (S.C.) 3rd Meeting.

100

STENOGRAPHIC NOTES OF A MEETING OF REPRESENTATIVES OF THE UNITED KINGDOM,
THE DOMINIONS AND INDIA, HELD AT THE COLONIAL OFFICE, S.W., ON THURSDAY,
JULY 14, 1921, AT 11 A.M.

Present :

The Right Hon. W. S. CHURCHILL, M.P., Secretary of State for the Colonies
(*in the Chair*).

The Right Hon. S. BALDWIN, M.P., Pre-
sident of the Board of Trade.

The Hon. C. C. BALLANTYNE, Minister of
the Naval Service and of Marine and
Fisheries, Canada.

The Right Hon. W. M. HUGHES, K.C.,
Prime Minister of Australia.

The Right Hon. W. F. MASSEY, Prime
Minister of New Zealand.

The Hon. Sir THOMAS SMARTT, K.C.M.G.,
Minister of Agriculture, Union of
South Africa.

Colonel the Hon. H. MENTZ, Minister of
Lands and of Defence, Union of South
Africa.

His Highness the MAHARAO OF CUTCH,
G.C.S.I., G.C.I.E.

The following were also present :

The Right Hon. F. G. KELLAWAY, M.P.,
Postmaster-General.

Sir G. E. P. MURRAY, K.C.B., Secretary,
General Post Office.

Mr. F. J. BROWN, C.B.E., General Post
Office.

Sir H. J. MACKINDER, M.P., Chairman
Imperial Shipping Committee.

The Right Hon. Sir HENRY NORMAN,
Bart, M.P.

Sir H. LLEWELLYN SMITH, G.C.B.

Mr. C. HIPWOOD, C.B., Board of Trade.

Dr. W. H. ECCLES, F.R.S., M.I.E.E., Vice-
Chairman, Wireless Telegraphy Com-
mission.

Colonel S. H. WILSON, C.B., C.M.G.,
Principal Assistant-Secretary, Com-
mittee of Imperial Defence.

Secretariat :

United Kingdom.

Sir HENRY LAMBERT, K.C.M.G., C.B.,
Colonial Office.

Mr E. J. HARDING, C.M.G., Colonial
Office.

Mr. M. E. ANTROBUS, Colonial Office.

Australia.

Mr. P. E. DEANE, C.M.G.

South Africa.

Mr. G. BREBNER.

India.

Mr. G. S. BAJPAL.

Imperial Wireless
Scheme.

The Chairman: The first thing we will do is to ask Sir Henry Norman to make a brief statement. I know he will pardon me for saying "brief," but his task is to compress this very complicated subject into the main, salient points, and to tell Mr. Hughes what we are doing and when something is going to emerge from it. After that we can have a little discussion, and then I will propose this resolution.

Sir Henry Norman: Mr. Chairman and Gentlemen, I understand that I am desired to present an introductory brief summary of the present situation and future prospects of the Imperial wireless chain. It is, as you say, a very large field to cover, but I hope I shall not exceed the ten minutes which you were good enough to allot to me.

Report of Imperial
Wireless
Telegraph
Committee.

Members of the Conference will doubtless be acquainted with the report of the Imperial Wireless Telegraph Committee, presented last summer. The recommendations of that Committee were accepted by the Cabinet, and approved by all the Dominion Governments. The Indian Government alone dissented, and at their instance the Cabinet referred its decision back for reconsideration to the Imperial Communications Committee, with full authority to come to a final decision. This Committee reported on the 3rd June last, and its recommendations, in the fewest words, were that the Empire should be linked together wirelessly by 2,000-mile geographical steps; that the transmitting system should be that employing thermionic valves; that a Technical Commission should be appointed to design the type of Imperial station to be erected; and that while Imperial communications should be undertaken by the Governments of the Empire, communications with foreign countries should be allowed to be undertaken, under suitable licences, by commercial companies. By this means the evils of monopoly, on the one hand, were avoided, and the benefits of competition and healthy rivalry, on the other hand, were secured.

To appreciate the present situation it is essential to bear in mind the vital distinction between designing and building a wireless station. Building a station presents no serious difficulties. Any competent engineer can supervise it, if supplied with a complete specification. On the other hand, to design a station is a task calling for the highest technical competence and demanding the most precise research into problems new and most difficult.

Difficulty of
commercial
long-range
wireless.

With all the wireless stations in the world to-day there is nowhere a satisfactory commercial long-range service. Nor can there be any confidence that such a service can be secured along the lines hitherto followed, that is of continually increasing the power of stations as existing stations prove inefficient. It was thought that when the great 1,000 kilowatt station at Bordeaux was completed a few months ago at a total cost approaching £2,000,000 the limit of power had been reached. Yet already the French are beginning to erect a still more powerful and more costly station, and there is no certainty that even this will provide a satisfactory service with the East. And it may be usefully added that according to the report of the French Finance Committee on Posts and Telegraphs in December last, whereas to secure a profitable traffic with America the Bordeaux station should handle 2,400 words per hour, it had actually attained scarcely 2,000 words per day.

The designing of a typical Imperial wireless station has been undertaken by the Technical Commission appointed under the recommendations of the Imperial Wireless Telegraph Committee, and is nearly concluded. The problem has been to combine the greatest economy of construction—without which the service can never be remunerative—with certainty of service, at high speed, for at least twenty-two hours a day, in spite of atmospheric disturbances, which have hitherto often interrupted wireless communication in Eastern areas at certain seasons for as much as twelve hours a day.

Experiments being
conducted to
evolve a
satisfactory
Imperial Station.

During the month of August the naval station at Horsea, near Portsmouth, will transmit by valves a daily programme of signals to Cairo, where they will be received and tested, under the supervision of Mr. Turner, a member of the Technical Commission, with different new kinds of receiving apparatus, some of which have been specially designed by the Technical Commission. At the same time, experiments with novel forms of aerials, resulting from the research of Dr. Eccles, will be tested in this country at the Post Office station at Devizes. These tests will enable the Commission to make vital and final decisions. They will decide the wave-lengths to be used; they will decide the form of the aerial to be erected; they will decide the method of overcoming, as far as possible, atmospheric interference. There is good reason to hope that new and important results will be achieved in all these three matters. The wave-length may be greatly reduced, and the form of the aerial greatly modified. If these are accomplished, the cost of a transmitting station will

fall by many thousands of pounds. It is most desirable, for reasons I need not go into, that none of these technical details should be made public. Dr. Eccles, the technical head of the Commission, and certainly one of the leading wireless experts living, to whom much of this important prospect is due, is present to-day, and will of course gladly answer any technical questions. When the Commission has considered the results of the August tests—the most important tests of the kind that have ever been undertaken—it will be able to proceed to design the typical Imperial station. It is difficult to see how a better or speedier method of procedure could have been devised.

Imperial Wireless Scheme.

The Chairman: When do you think they will be able to give a model of the Imperial station?

Sir Henry Norman: Dr. Eccles tells me that the specifications for the construction of the station will be ready before the end of this year.

Mr. Hughes: What station?

Sir Henry Norman: Of the typical Imperial station, the one station which is to be the model for this Imperial scheme.

The Chairman: Have you any idea of what the cost of each station will be on that basis?

Sir Henry Norman: May I come to that question later on?

The Chairman: Certainly; I beg your pardon.

Sir Henry Norman: I have not got the cost here, but I knew it would be raised; it is in the report of the Imperial Wireless Committee.

The Chairman: I will not break the thread of your argument.

Sir Henry Norman: The knowledge this investigation is expected to produce does not exist in wireless science to-day, and to attempt to erect stations without such research would have been to court failure and to waste money.

By the time the design and specifications are ready, the sites of the proposed stations at home and in parts of the Empire controlled by the Imperial Government will have been selected, and the next step will be to secure tenders for the construction of the typical Imperial station.

The Chairman: Will that be different from Oxford, for instance?

Sir Henry Norman: Yes.

The Chairman: But Oxford will of course be one of the units talked of in this improved station?

Sir Henry Norman: Yes. For the construction of the stations we have a public department well qualified, namely, the Engineering Branch of the General Post Office, one of the largest purchasers and users of engineering material in the world.

And may I here say a word about tendering for a wireless station. If you desired to erect a cotton mill you would not dream of asking for a tender for a complete mill. You would ask one group of firms to tender for the building, another for the engines and boilers, another for the ventilating plant, another for the looms. Exactly the same procedure applies to a wireless station. Four-fifths, perhaps nine-tenths, of a wireless station is ordinary, straightforward commercial contract work. If you ask for and accept a tender for a complete station, you get precisely the same buildings, boilers, engines, electrical generating and transforming plant, masts, &c., but you pay a middleman's profit on them all. Such a procedure would be both unnecessary and uneconomical.

Tenders for the Imperial Wireless Stations.

As soon as the specifications for the Imperial stations are ready, they will, I assume, be placed at the disposal of the Dominion and Indian authorities, who will, at their discretion, employ either the Engineering Branch of the General Post Office or any local authority of their own, to secure tenders, or supervise contracts. The important thing is that the Imperial stations should all be completed at about the same time. If this method is followed, the Imperial wireless chain should be working throughout the Empire by the end of 1923, possibly rather sooner. I believe it can be proved that no other method could produce this result more quickly, more economically, more scientifically, nor—which is of the first importance—could any other method produce stations constructed so much on the lines which wireless

Imperial Wireless
Scheme.

progress is practically certain to follow, that they could be extended in power and range step by step with wireless scientific development.

In conclusion, may I be permitted to remind the Committee that the Imperial Wireless Telegraphy Committee, of which I was the Chairman, upon whose report this Imperial action is based, was composed, with one obvious exception, of men of the highest scientific authority and experience in the various aspects of the construction of wireless stations

The Chairman: The obvious exception being yourself?

Sir Henry Norman: Yes.

The Chairman: But still, you have given twenty years of your life to it?

Sir Henry Norman: Yes.

Mr. Massey: You are too modest.

Sir Henry Norman: No, not in comparison with some of my colleagues—that they conducted long and most careful investigations; that so far from anything having invalidated their conclusions all that has since transpired has tended to confirm the accuracy and justice of their judgments; that minute technical research has since been made into problems unsolved in any existing wireless station; that there is good ground for belief that the solution of these problems will be more nearly approached in the Imperial stations than ever before; that by the method now being followed monopoly will be avoided and healthy competition secured and that, given common action by all parts of the Empire, it may be confidently hoped that in a short time an Imperial wireless chain will be in operation whereby, in the words of the report, reliable expeditious and economical communication for commercial, social and press purposes throughout the Empire will be secured, and essential Imperial strategic requirements will be met.

Mr. Massey: What is a thermionic valve?

Thermionic
Valves.

Sir Henry Norman: The thermionic valve is one of the great discoveries of the war. It was discovered at home here by Professor Fleming, and greatly developed in America, and afterwards by the French and by ourselves. It consists of an exhausted glass bulb containing three electrodes; it is a relay in which, by the reception of a small current, you can cause a large applied current to flow.

The Chairman: It is a multiplying apparatus?

Sir Henry Norman: Yes.

His Highness the Maharao of Cutch: Of the current?

Sir Henry Norman: Yes; that is the receiving side, and the same method can be used for the generation of current. One importance of the apparatus as against all other methods is in connection with high speed, because in these very powerful stations what is called the keying problem arises; that is, the exceedingly quick working of the key which has to break a very great current in all other systems. In the valve system it has to break a very much smaller current, and therefore I think I may go so far as to say that by the use of valves it is certain that the keying difficulties will be very largely overcome.

Mr. Massey: What do you call the apparatus?

Sir Henry Norman: The thermionic valve, because it generates electrical ions by means of heat.

Estimated Cost of
Imperial Wireless
Stations.

The Chairman: I want to ask one or two questions to clear up things. What is roughly the cost, do you estimate, of one of these stations? You say that the Bordeaux station cost £2,000,000. These, of course, are less ambitious in their size, but what would be the cost of each of them?

Sir Henry Norman: They are more ambitious from their scientific point of view.

The Chairman: More up-to-date, but less large.

Sir Henry Norman: I should think, and I am supported by Dr. Eccles in this, that it would be about £120,000.

The Chairman: As against the £2,000,000 for the Bordeaux station?

Dr. Eccles: Yes.

The Chairman: Now I want to ask this other question, because I think it will shorten matters: When you have this string of stations you will have one at Oxford, one at Cairo, one in India (probably at Poona), one at Singapore, and one in Australia?

Sir Henry Norman: Yes and one at Hong Kong and one in New Zealand.

Mr. Kellaway: And East Africa?

The Chairman: I am taking this particular chain from here to Australia. You have to retelegraph your message five times before you get to Australia, and to retelegraph it five times back. That is the best that you can do, having a series of stations of a moderate size instead of attempting a smaller number of these enormous stations. *The Relay System.*

Sir Henry Norman: Yes.

The Chairman: What will be the delay and inconvenience of this method, as against putting up something on a much more gigantic scale?

Sir Henry Norman: On the vast gigantic scale, in spite of very great expenditure of money, you could not be certain of securing the result aimed at at all, and by the shorter steps and the employment of much higher speed you will be able to get traffic through very much faster, because the messages will be sent by passing a punched tape through the machine.

The Chairman: What do you think would be the time which by this method you could send a message from England to Australia?

Sir Henry Norman: Supposing the line to be clear for the purpose?

The Chairman: Yes, if the line were clear?

Sir Henry Norman: It would depend on the length of message, of course, but taking a short message it would take from five to eight minutes.

The Chairman: Although it would have to be retransmitted?

Sir Henry Norman: Yes.

The Chairman: By this method of small stations could you keep sending messages more continuously throughout the twenty-four hours than you could from the Bordeaux station, for instance?

Sir Henry Norman: The opinion of the Committee, which is an opinion shared by all scientific men, I think, is that you could, without any possible doubt.

Mr. Hughes: You must understand, of course, that the statement which you made in reply to Mr. Churchill, when you spoke of every other member of the Committee, with one obvious exception, being a scientific man, applies with very much greater force to me. You yourself have given your life to this, have you not?

The Chairman: As an amateur.

Mr. Hughes: Quite so. That makes it, of course, very difficult for people like myself, who have given their lives to quite different kinds of things, who approach this thing in something the same way as a man would approach the subject of telepathy, knowing as little about it, but after all, I have to find the money, and it is on that ground that I approach the subject. You must, therefore, not think that I am like those people who want to know, you know. I want to know because I have to find the money, and I am not going to find any money unless I get an article which will give me what I want, that is to say, something which will bring Australia into close touch with the rest of the world. You said that the Bordeaux station was not satisfactory, and you just now said in reply to Mr. Churchill that you get better results by five relays, that you get more certainty, and on the whole greater despatch. *Question of Direct
Communication to
Australia.*

Sir Henry Norman: Greater speed.

Mr. Hughes: I beg your pardon, greater speed than you would from the Bordeaux station. I take no responsibility for Mr. Donald's statement, but I think

Imperial Wireless
Scheme.

I ought to quote his memorandum in which he says that there have been practically no delays, and gives the rate of despatch as something much higher than that quoted by you.

Sir Henry Norman: I expressed no unfavourable opinion of the Bordeaux station myself. I quoted the Finance Committee of the French Posts and Telegraphs

Mr. Hughes: We are not talking about expense for the moment, but whether as a fact it gives an efficient means of wireless telegraphy, that is all. It being postulated that what is wanted is to bring the Empire into closer touch, and also, it must be noted, to counteract anti-British propaganda, that is to say, the presentation of facts in such a way as in effect to do damage to the material and national interests of this Empire, the whole question is whether that is likely to be done by a system of wireless telegraphy which does not enable us to reach every part of the world. One will be able to reach up to 2,000 miles by these stations provided there is a station to pick it up, but what could you do beyond that? You could only get on by relays, and then, of course, you must have the chain. Let me put the position. In Australia what we want is to be independent of what Hong Kong does or what Singapore does. It is conceivable that both those places might fail for a time in any emergency, speaking from the point of view of defence, and we want to be in a position to feel that we are in touch with the heart of the Empire. This place where we are now is the place we are concerned with. The news about the real Australia seldom or even never gets here at all. We do not want to talk to Cairo, we do not want particularly to talk to Hong Kong, nor to India. These things concern us very little. The centre of the Empire is the place we want to be in close touch with, and I certainly do not think you have made out a case for your system. I think the onus is on you to show why you should have relays instead of a straight through system. You say, of course, there is no certainty in a direct wireless scheme. Well, all I can say is that we pick up messages now in Australia continuously for hours from the Lyons station. We picked up Berlin messages during the war. You know what Germany did during the war: they poured out propaganda, and you cannot say it was not effective or that it had no effect upon world opinion. What does Moscow do now by way of propaganda? You cannot say it is not effective. It is effective. How do they do it? They do it by this very system that you say will not work. But they do it.

Sir Henry Norman: No, I did not say it would not work at all, and, besides, these Imperial stations will be more powerful than the Moscow station.

The Chairman: Each one of them will be more powerful than the Moscow station.

Mr. Hughes: If what you say is that these relay stations will each one of them go to England, I have nothing to say to that at all.

The Chairman: You do not say that, do you, Sir Henry?

Sir Henry Norman: No, it is necessary to distinguish between a commercial service, which means constant high speed all day, and communication for strategic purposes.

Mr. Hughes: This thing is not for strategic purposes only. You know very well that, during the war, at any rate, Germany was continuously pouring out propaganda. It was very effective, and you have to remember that in the struggle for trade supremacy propaganda is not to be neglected.

The Chairman: That is what we are after—safe speed transmission for commercial purposes.

Mr. Hughes: Yes, for peace or war. We have to live, and we live by selling our goods, and we have to be well advertised.

The Chairman: I quite agree.

Sir Henry Norman: The case for relays is made out in the report of the Committee, but with regard to these powerful stations I have expressed my view for what it may be worth, and with Mr. Churchill's permission I should like to ask Dr. Eccles, who is an unrivalled authority, to deal with that point.

The Chairman: When he does I hope he will only use language which ignorant people like myself can understand, because you can get into a discussion on this which will last for months

Mr. Hughes: It may be scientifically all right, but speaking for myself I realist myself under Mr. Churchill's banner. I shall get no answer, probably, when it is all over. Imperial Wireless Scheme.

The Chairman: Not if we go into the details. When I was at the Admiralty before the war I was very anxious to understand just the outline of this, so I went down to Portsmouth and stayed a week, and went on board the "Vernon" every afternoon, and had about three hours' instruction from the best officers there, but I am afraid it has not done me much good; it is a very complicated subject.

Mr. Hughes: I want to ask about money. We can all understand that. We are told that this is going to cost us £120,000 (we have got it as £125,000), and that it will involve a loss of £20,000 a year for at least ten years. Now I want to put this to you; we are losing £60,000, I think, on our wireless at present. This makes £85,000 a year in all. £85,000 a year, or even £20,000 a year, if you like, will buy how much capital? Contrast this £125,000 plus the £20,000 a year loss with the £500,000 or with the £1,000,000, which we are told a high-power station which would communicate with England would cost. Might not it be put up for less than you speak of? At any rate, £20,000 per annum in interest will put it up, and we shall not lose, but gain in money and in efficiency. I say that what you have to do is to show cause why we should spend this £125,000, incur this annual loss, why we should decide that what the rest of the world is doing, and doing very well, is not satisfactory, but that we must have a scheme of our own. Estimated Cost of the Scheme.

Sir Henry Norman: It is not £20,000 a year; it is £20,000 the first year, decreasing year by year until in ten years it is to be turned into a profit.

Mr. Hughes: That is an estimate.

Sir Henry Norman: Yes, that is all we can get.

Mr. Hughes: At any rate, there is a definite loss—to begin with £20,000 a year—and there is the £125,000, and what do we get in return? I am not going to criticise the scheme in detail, because perhaps you have something more to say, but when we come to discuss it I am going to show amongst other things that if we have direct communication we should get half the profits of the service to and from Australia, but now we shall only get one-fifth, because of the relay stations.

The Chairman: That must be considered in relation to the capital charges, must it not?

Mr. Hughes: Yes, but one gives a loss, and the other, on the estimate, gives a profit.

The Chairman: Is that so?

Mr. Hughes: Yes.

The Chairman: If we put up a Bordeaux station on our side, and you put up one on yours, that would cost £4,000,000 as against £500,000 for the whole five stations proposed. Would you get a profit on that?

Mr. Hughes: I can only say this: I know nothing whatever about the matter, but a company is prepared to put up a station and to operate it at its own cost, and give us a certain return. Now on the one hand we take a considerable risk and we have a certain loss for what I still maintain is not the best service, and on the other hand we get a certain gain, and, as it is contended, a service which will put us in touch with America, China, India, Great Britain, in fact, with the whole world. We want to know something of what is going on in America; the chain will not tell us. We want propaganda; the chain will not help us. Looked at from the point of view of Australia it is not satisfactory.

Mr. Massey: These relay stations, I take it for granted, are all to be on British territory.

Sir Henry Norman: Yes

Mr. Massey: That is important, of course. I just wanted to bring that out. How far is the Bordeaux station expected to carry? Difficulties Encountered with very large Stations.

Sir Henry Norman: The Bordeaux station was originally erected to carry to the Far East.

Mr. Massey: What do you mean by the Far East.

Sir Henry Norman: China (Hong Kong and Shanghai), Saigon, French Indo-China, and so on. It was expected to carry there, but it has failed to do so, as is shown by the fact that the French are proposing to build a much larger and more powerful station near Paris to do the same thing.

Mr. Massey: Do you say it has failed to carry to China?

Sir Henry Norman: Yes.

Mr. Massey: You deduce that from the fact that there is to be a still more powerful station?

Sir Henry Norman: It has been publicly stated.

Mr. Massey: I want to be clear as to relay stations being more certain than a long-distance station, such as Bordeaux was intended to be. Is what you say correct?

Sir Henry Norman: Beyond question

Mr. Massey: Like Mr. Hughes, I do not pretend to know anything about this, except what I have picked up here and there occasionally. There are times, are there not, when, by reason of atmospheric conditions—this is interrogative—it is often difficult to reach the 2,000-mile limit?

Sir Henry Norman: It has been difficult hitherto, but it is hoped, and indeed expected, that as a result of the research which has taken place now and which will take place during the next month, the difficulty will be very largely overcome. There will, of course, always be occasional conditions in which wireless communication is absolutely impossible in any circumstances, but that those will be largely overcome is the hope.

Mr. Massey: Can you give me some idea of what those conditions are?

Sir Henry Norman: From what point of view?

Mr. Massey: The difficulty in transmission. What causes it?

Sir Henry Norman: It is a difficulty in reception.

Mr. Massey: Or the difficulty in reception. What causes it? I am speaking of the climatic conditions.

Sir Henry Norman: There are discharges of electricity in the atmosphere which make crashing noises in the receiving instruments, making signals absolutely unreadable

Mr. Hughes: Did not you just now say that we could not get Lyons or Bordeaux, whichever it is?

Sir Henry Norman: They are two different stations, one being at Lyons and the other at Bordeaux.

Mr. Hughes: They can be read in Australia every day.

Sir Henry Norman: But not for the purpose of a commercial service. You would not get enough through them; there would not be enough regularity.

Mr. Hughes: How do you know?

Sir Henry Norman: I think it is a matter of common knowledge.

Mr. Hughes: But it is not. You do not say quite so readily that we cannot get from Vancouver to Australia.

Sir Henry Norman: Not as a satisfactory commercial service.

Mr. Hughes: Do you know that?

Sir Henry Norman: I cannot say that anybody knows it, but there is every reason to believe it.

Mr. Hughes: I am informed that we receive all day. We also get New York. What is your answer to that?

Sir Henry Norman: My answer is that in the belief of the experts on this Committee such a service would not be commercially possible, that is to say, in the sense of being remunerative.

Mr. Hughes: But in the face of the facts that it is done, and that it is possible, what do they say? Do they know now the atmospheric conditions of Australia? Are they experts in long-distance wireless telegraphy? Imperial Wireless Scheme.

Dr. Eccles: Yes, I have sailed all those seas.

Sir Henry Norman: I wish you would allow Dr. Eccles to answer these technical questions, because he is an unrivalled authority.

The Chairman: I think it would be a good thing for Dr. Eccles to speak now, and then we shall have got over the very secret matters, and we can get Mr. Donald to come in. There are certain matters which we can only speak of amongst ourselves, and unless Sir Thomas Smartt or Mr. Ballantyne are anxious to ask any questions at this stage I should like Dr. Eccles to speak.

Mr. Massey: I have not finished yet.

His Highness the Maharao of Cutch: I should like to ask one or two questions.

Mr. Massey: I have not noticed what has been going on lately, but in the early days of wireless some years ago there was very acute difference of opinion as to the merits of different makes of apparatus. For instance, some always swore by the Marconi system and others by the Telefunken system. I do not know whether the same conditions prevail now, or whether you have made up your mind that there is one system which is ahead of all the others. Difference of the Wireless Systems.

Sir Henry Norman: That was a matter to which the Imperial Wireless Telegraphy Committee gave its most careful attention. They decided on all the evidence before them, and for the reasons which are very fully given in their report, to adopt the method of transmission by valves.

The Chairman: Does "valves" mean Marconi?

Sir Henry Norman: No.

The Chairman: Is it different from that?

Sir Henry Norman: Yes.

The Chairman: Is it neither Telefunken nor Marconi?

Sir Henry Norman: It is known to the whole world.

Mr. Massey: Better than either?

Sir Henry Norman: The system of transmission by valves is, of course, known to the whole world.

Mr. Massey: Is there a technical name for it?

The Chairman: Apparently it is "the valve system."

Mr. Ballantyne: Has any particular company got the patent rights, or is it open to anybody to purchase these valves?

Sir Henry Norman: The question of patents is an extremely difficult one, and whatever happens there will be in all probability very considerable patent actions waged, and what the result will be nobody can state; but the Government has the right under the Patent Acts to make use of any patent on terms to be agreed upon, or in case of their not being agreed upon, after submission to the Treasury for arbitration.

Mr. Massey: Who has control of the patent for the time being?

Sir Henry Norman: I do not think anybody can say that.

Dr. Eccles: It is not certain whether it is America or Germany.

Mr. Ballantyne: Anyway, the British Government have the right under the Patent Acts to use it?

Dr. Eccles: Yes.

Mr. Massey: It is a fact, is it not, that messages are easier to transmit at night than during the daytime?

Dr. Eccles: During the dark hours.

Imperial Wireless
Scheme.

Mr. Massey: I am not going to follow that up, but the reason is understood, is it not?

Dr. Eccles: Yes, I think the reasons for it are accepted by scientific men, though they no doubt differ about it.

Position of India
with regard to
Empire scheme.

Mr. Massey: You said that the Government of India do not accept the report of the Committee?

Sir Henry Norman: That is so.

Mr. Massey: What were their reasons?

Sir Henry Norman: Their reasons were that they were advised by their expert that it would be better to hand this over to a private company, namely, the Marconi Company. Their reasons were given in a series of despatches.

Mr. Massey: That is to say, it was a question whether it was a good thing to have it as a Government concern or a private enterprise?

Sir Henry Norman: Yes

Mr. Massey: Was that the only reason?

Mr. Kellaway: No, there was the other reason that they at first preferred a direct step from India to London instead of the two steps via Egypt, but I may mention that I saw Mr. Montagu the other night and asked him if he was pressing that point, and he said they were no longer pressing that point.

His Highness the Maharao of Cutch: The Government of India were not?

Mr. Kellaway: No.

His Highness the Maharao of Cutch: There was one station proposed for Egypt.

Mr. Kellaway: Yes.

His Highness the Maharao of Cutch: Where was the other?

Mr. Kellaway: Egypt was the one intermediate station; the stations being Poona—Cairo—Oxford.

His Highness the Maharao of Cutch: And they are not pressing their idea of doing away with the intermediate station?

Mr. Kellaway: So Mr. Montagu informed me.

His Highness the Maharao of Cutch: Has the other objection been met?

The Chairman: Do you mean the private company?

His Highness the Maharao of Cutch: Yes.

Mr. Kellaway: I took Mr. Montagu's statement to mean that they were no longer objecting to the Imperial scheme.

Mr. Hughes: The Governments are to construct these stations, are they?

Sir Henry Norman: Yes, to call for tenders.

System of Control
for Imperial
Wireless Stations.

Mr. Hughes: Are they to run them? I think you said something about a company under licence.

Sir Henry Norman: That is for communication from England to foreign countries. Imperial matters are to be kept under Imperial control, but communication with foreign countries in order to get the advantages of competition and emulation is to be licensed to commercial companies.

Mr. Hughes: Do you really think that we are likely to get efficient service by leaving it under Government control?

Sir Henry Norman: I do indeed.

Mr. Ballantyne: Canada owns all her wireless stations.

Mr. Hughes: Which is the best system, the American telephones and telegraphs or ours here?

Mr. Ballantyne: I am not in a position to answer that.

Mr. Hughes: You know very well. I am perhaps the only Socialist here, and it is a very extraordinary thing that has fallen to my lot to remind the Committee of facts that are perfectly well known. I do not know how this extraordinary *volte-face* is to be explained. You say Government control is good. Why? I can see of course for strategic purposes, such as the war

Imperial Wireless Scheme.

The Chairman: You have no large labour force to handle with regard to this, you have only really a small number of very highly-skilled experts, and so on.

Mr. Hughes: Naturally this is the attitude of Governments. But every Government Department becomes to a great extent ossified: new ideas have actually to be driven into it by some frightful dynamic force before they find entrance.

The Chairman: It is not so over here, anyhow.

Mr. Hughes: It is so in Australia, and I should be very much surprised if it were not so here.

The Chairman: The difficulty is to prevent departments coming along with all sorts of fine ideas that cost more money than we can afford.

Mr. Hughes: It is very good of you to say that, but that is not so: ideas are not the strong point of Government Departments. What we want is an up-to-date service, and I think that while I should be prepared for the Government to erect it and own it, I would prefer that in time of peace we should have some guarantee that it would be kept up-to-date. I think this would be less likely by reason of the lack of emulation of which you spoke with such restrained eloquence if the Government were working it. Emulation is a very necessary stimulus, you know. You have told us there are very many things that the Bordeaux station will not do, and that we cannot communicate with Vancouver and New York, and so on; but there is the fact I admit it is very awkward, that we are doing it.

Sir Henry Norman: No satisfactory commercial service, which must be remunerative, is being done in the world over anything like that distance; it is not being done over half that distance.

Mr. Hughes: I would not like to say it was, but I see no reason why it should not be, and I have no doubt that in your statement you have put the best foot forward; you have indicated the first charge, and I am quite sure from my knowledge of Governmental matters that that is not the only one. There are other niggers on this fence.

Mr. Ballantyne: I understand that the reason why this proposal of an Imperial chain is being put before this Committee is first of all the fact that no private company would undertake such a huge costly enterprise knowing it would not pay, and that therefore, if it is going to be put into effect, it must be done by the Governments of the Empire. I understand that is what the position is.

Reasons for the Imperial Chain of Stations.

Sir Henry Norman: Not exactly; that is not precisely the situation. The position is that in the view of this Committee it would be impossible to give Imperial and foreign communications to any commercial company without giving it a monopoly of wireless throughout the British Empire, and very largely throughout the world, which would be regarded as highly undesirable.

Mr. Ballantyne: That is another question which I will come to in a moment. It would not be wise for the British Empire to give to any company a monopoly of wireless: it would not be the right course for any place or any country; but aside altogether from that, do you think any private company would undertake a chain like this with the slightest hope of making any money out of it?

Sir Henry Norman: The Marconi Company put forward proposals to the Government, and those proposals are discussed in this report. It was very difficult to see how they could possibly expect them to pay.

Mr. Ballantyne: I take it for granted that it would not pay, so that if we are going to have an Imperial wireless chain at all it must be done by the Government of the United Kingdom, assisted as far as possible by the Overseas Dominions. I also understand from you that it is not going to be a monopoly, but if private companies want to go in for a similar service you will allow them to do so?

Sir Henry Norman: To foreign countries, yes, and licences have already been granted.

Imperial Wireless
Scheme.

Situation of
Canada.

Mr. Ballantyne: I notice that the Committee has left Canada out of this very largely, and they conclude by stating that it was decided that communication with foreign countries other than the United States and so on could best be carried on by private enterprise, such as the Marconi Company. What is the idea of leaving out Canada?

Sir Henry Norman: Canada was not left out of the report at all: it is mentioned.

The Chairman: Left out of the system, Mr. Ballantyne means.

Mr. Ballantyne: We are left out of the system of the Imperial chain.

Sir Henry Norman: Geographically the chain goes in one direction, while Canada is in the opposite direction; but that is all discussed in the report.

Mr. Ballantyne: Quite so; but is it not possible to have a real Imperial chain including such a large country as Canada, so that if Australia wants to communicate with Canada it can?

Mr. Hughes: How are you going to get from our country to yours?

Mr. Ballantyne: I do not know; I am trying to find out.

Sir Henry Norman: In time you could. With the development of wireless you will no doubt be able to get direct or by this Imperial chain, but the Committee's report is to the effect that a satisfactory commercial (that is, remunerative) service is not possible to-day direct between Canada and Australia.

Mr. Hughes: Supposing that point is settled, I do not know what we have to do with a remunerative service in connection with the proposed scheme. It is certainly not remunerative, of course, because we are going to make up the loss.

Sir Henry Norman: In ten years it is supposed to show a profit.

Mr. Hughes: This is nothing to do with wireless, it is to do with business. How do you know?

Sir Henry Norman: Because the calculations were made with the greatest possible care.

Mr. Hughes: But they are calculations of ordinary business men.

Sir Henry Norman: Yes; you cannot have any others.

Mr. Hughes: How often do we all make mistakes.

Mr. Chairman: On that basis we should not be able to do anything in this world, if we are so fallible, if you are going to push it as far as that.

Mr. Hughes: Do you not see the admission condemns the scheme: it says it is not commercially possible. Sir Henry Norman does not say the alternative scheme is not scientifically possible. He says it is possible, but it will not pay. He says of his own scheme it will not pay for ten years, and then says because the other one will not pay we ought to condemn it, although on his own showing his own will not pay for ten years. Then when I ask Sir Henry how he knows that it will pay, he says that careful calculation has been made; and what I say is that after all you can take your choice between these two, and whether either of them will pay or not I do not know.

The Chairman: No doubt the cost would have some bearing on it, if one cost £5,000,000 and the other £500,000.

Mr. Hughes: I do not admit that. What I want to ask Mr. Ballantyne is this: We must have communication with Canada, or else where is this chain that you speak of? Can we ignore the fact that 120,000,000 people speaking our language live in the United States of Canada, and we are to be cut off from them? It is absurd.

The Chairman: There is no difficulty whatever in England speaking to Canada, and it goes back on the chain. The difficulty is speaking from Vancouver to Australia, because of the enormous gulf of water.

Mr. Massey: You do not need to do that. Would it be too far for a message to be transmitted from one of the Samoan group to British territory in Canada? I do not know quite which is the nearest point of Canada, but I have Vancouver and Victoria in my mind, and I know there are places very much nearer the Equator than Vancouver or Victoria.

Mr. Hughes: How far are we from Africa?

Imperial Wireless
Scheme.

Sir Thomas Smartt: About 6,500 miles. But would it not be much better if we had an opportunity of hearing Dr. Eccles, who I understand is an expert, and then ask all the questions we desire?

The Chairman: Yes, I think so.

Mr. Ballantyne: There is one question which I should like to put before Dr. Eccles speaks. I cannot grasp what we are trying to get at. If you have in mind erecting an Imperial chain or wireless stations for the benefit of the Empire, disregarding whether it is profitable or unprofitable, then you would need to include all parts of the Empire, and if you were moving along in that direction, then how much do you expect the Overseas Dominions to have to contribute annually to the deficit? If you are not following along that line, if I presume that the reason why you have left America out is that you are working along a scheme to make it profitable.

Sir Henry Norman: It is an Imperial scheme, and America is a foreign country.

Mr. Ballantyne: But is it an Imperial scheme to get news more quickly circulated through the Empire, or is it a business scheme to make money out of this wireless chain? Which is it?

Sir Henry Norman: It is not for me to answer that question, of course. I should like it to be understood that in the opinions I am expressing I am endeavouring to interpret the findings of this Committee, which I regard as the last word.

The Chairman: It is perfectly easy to answer the question. the object is Imperial communication, and the hope is that we will not lose more money than we can help over it.

Mr. Hughes: How are we to speak to Africa or Canada?

The Chairman: There is going to be a station put up by the British Government at Nairobi, in East Africa and there is not the slightest difficulty in you speaking to Canada if the Canadian Government put up one of these model stations.

Mr. Hughes: Yes there is: what Sir Henry Norman says is that commercially it is impossible.

Sir Henry Norman: No.

Mr. Hughes: If you did not say that, what did you say?

The Chairman: Across the Atlantic there is no difficulty.

Sir Henry Norman: You are not speaking of across the Atlantic.

Mr. Hughes: I am talking of a much greater distance, the 6,500 odd miles.

Sir Henry Norman: The opinion of this Committee, which represents the highest authority, is, I think, that it is impossible to-day to have a commercial service without great loss across a distance of 6,000 miles.

Mr. Hughes: All I have to say is that it is no use saying that this is an Imperial wireless chain, because it is not.

The Chairman: Why is it not?

Mr. Hughes: Because it does not link up Canada and Africa with Australia.

The Chairman: But it does.

Mr. Massey: Is 3,000 miles impossible?

Sir Henry Norman: It is impossible to fix any definite distance. This Committee studied all this question most carefully, and came to the conclusion that if a service is to be established this is the best way to accomplish it for the present. These stations will increase their range as wireless science improves undoubtedly, but we can get much greater speed and more words through by this method than if you had a great station.

Mr. Hughes: My point is that we can get within 3,000 miles of Canada by means of a station at Samoa now, and I believe that is within 3,000 miles of the Canadian coast. I call your attention to page 26, Mr. Chairman, because it is vital: "Communications between England and Canada can be secured by similar valve

Imperial Wireless Scheme.

stations in each country, but this highly desirable service must be decided upon by conference between the British and Dominion authorities. A satisfactory commercial service between Western Canada and Australia we regard as of such extreme difficulty at the present stage of development as to be beyond practical consideration."

The Chairman: That is all very well, but may I just say what I was going to say: if Canada erects one of these model stations she will be in communication with you continuously through Singapore, Cairo and Oxford. In that way, when I said it would be an Imperial chain connected up, I meant it would be connected round three-quarters of the world. It is quite true it will not be connected up the other way round the world, but that does not mean that you will not be able to speak in ten or twelve minutes with Canada.

Mr Hughes: It is like Dick Swiveller's method of getting over the road: he had to go half round London to get there. Here we say there is nothing to stop Canada and ourselves being in close and direct touch except that we shall have to put up a station powerful enough to get over 6,500 miles. We pick up New York, we pick up Bordeaux, and we pick up Lyons: why can we not have a chain of stations that will really link up the Empire?

The Chairman: There is nothing to prevent you doing it if you like to make a proposal that way but we shall have to go on with our general scheme so far as we can.

Mr Hughes: If this thing is to pay, surely it ought to be run on commercial lines. Are you suggesting that the Government should continue to do that? You say that the objection to the other course is that it will give a company a monopoly of wireless, but while you have been settling this, for half a century or more there has been a cable monopoly by one company, and they have levied toll, and do now, on Governments and people alike, but you never say anything.

The Chairman: Who is that?

Mr. Hughes: The Cable Companies.

Sir Thomas Smartt: Would it not be much better that we should hear the expert opinion as to whether or not it is possible under all weathers and all conditions to be able to depend upon the communication over 6,000 or 6,500 miles to which you refer, or whether it is not much safer to have stations at shorter distances, even though you have to transmit from one to the other? I think that is the whole position.

Mr. Hughes: Let me ask you, then, how will it help us to depend on news from Africa if we cannot get any news in good weather or bad weather because we are too far away? And in the same way as regards Canada.

Sir Thomas Smartt: It will be retransmitted from station to station.

Mr. Hughes: There is no station between us and you.

Mr. Massey: There is a station between you and Canada; I mean there is a possibility.

Mr. Hughes: I know better than that.

The Chairman: What will happen will be that nothing will be done, because we shall fall out: there will be a prolonged delay, and nothing will be done.

Mr. Ballantyne: I am in favour of the resolution that you propose.

The Chairman: I hope Dr. Eccles will tell us shortly and very simply now what he has to say.

Range of the Imperial Wireless Stations.

Dr. Eccles: The range of communication of any wireless station is a matter of climate, weather. Those stations which are being planned for the Imperial chain will be amongst the most powerful in the world, and each one of them will be able to communicate over perhaps 8,000 miles for several hours in the day on the average; that is to say, Australia will be able to pick up an English station for at least two hours per day, and I should think just as easily as Bordeaux. England and India will be able to communicate for perhaps six hours per day, and in the same way India and Australia will be able to communicate for perhaps six hours per day. Australia and South Africa will be able to communicate for practically the same time: Australia will probably communicate with Canada for about four hours per

day, and Canada will communicate with England, England with Egypt, Egypt with India, India with Singapore, and Singapore with Australia, and the same with East Africa and South Africa, for twenty-four hours per day or twenty hours per day according to atmospheric conditions. The result is this, that there is a big triangle of stations, South Africa, Australia and India, with an outlying station from the triangle in England here which will be in touch for about six hours per day.

Imperial Wireless Scheme.

Mr. Hughes: We shall never be in touch with England, shall we?

Dr. Eccles: You will be in touch with England for about two hours a day in all probability. The same holds good as regards Vancouver, the United States and Australia: you will have a limited service for four or five or six hours per day.

The Chairman: A limited direct service?

Dr. Eccles: Yes. Suppose the operators in England and Australia are in touch and interchanging messages, and then they find that the atmosphere thickens, that the weather conditions become bad and the signals fade, they will call upon India to enter; the Indian station will take up and pass the work along, and then if the conditions worsen they will call Singapore to enter, and if they worsen again, or if Singapore is not the right station, they will call upon the Egyptian station to take up; and in that way you may make sure of a pretty continuous rapid service throughout the twenty-four hours with stations at moderate cost. If on the other hand you were to build only those four or five very big stations, leaving out the intermediate ones such as Egypt or Africa and Singapore, then you would be besieged by people who wanted for strategic reasons as well as for commercial reasons to have the intermediate stations erected. You would save nothing by having only big stations, because the intermediate people would insist upon being served in time.

Mr. Hughes: But not at our expense, necessarily.

Dr. Eccles: By the Empire. Therefore it seems necessary to have all these stations, and if it is cheaper, as I shall show you in a moment it is, to aim at short steps well done rather than long steps that can be worked only fitfully, then this is the sounder scheme from the business point of view. I have met experts from every country since this White Paper was published: I have been in France and Italy, and I have met Americans and Canadians and men from Australia and South Africa, and they tell me that in their opinion as experts we have hit the nail on the head, and all the other grandiose people who talk about giving you communication over 8,000 miles any time you like are simply trying to sell you goods. They will make any number of promises, but they cannot perform them. The people who have made the most promises hitherto have always failed to make them good. Take the Marconi Company. They have promised trans-Atlantic communication year by year for twenty years: they have had unlimited opportunities, no obstruction has been put in their way, yet even to day, after their utmost efforts, they are not across the Atlantic with a good commercial service. One reason is that Mr. Marconi practically abandoned wireless more than ten years ago: he has done little since, and the Marconi Company have not added anything appreciable to the science of wireless telegraphy since he abandoned the subject. We have not got his genius now in the Marconi Company, or the story might have been a different one. As regards cost of stations, the position is rather analogous to a ship. If you have a ship which is designed to go 26 knots you put up so much capital for engines, and so much per annum for coal and oil and labour, that is for maintenance and running, but if you want to run that ship at 28 knots you have to pay a great deal more for the extra 2 knots than you had to pay for any 2 knots of the first 26 for which the ship was designed. If you insist on running the ship at 30 knots, you will have to pay at least threefold for coal consumption, and if you persist in running at 40 knots, if that be possible—though really you could not house the machinery and the fuel—you would have to pay a fabulous sum.

Advantages of the Relay System.

The Chairman: It goes up in geometric progression?

Dr. Eccles: It is worse than that; it is more than geometric. It is the same thing with wireless telegraphy. If you will be content with a small distance you can get twenty or twenty-two hours' service reasonably, except in thunderstorms, but if you wish to go to 3,000 miles with a twenty-hours' service you have to pay a lot more. If you want 4,000 miles with a twenty-hours' service you have to pay ten times more, and if it is 6,000 miles you would have to pay about hundred times

Imperial Wireless
Scheme.

more. The question is, where should the line be drawn? We do not say that you cannot communicate over enormous distances, that is shown in this document; what we say is that our scheme has possibilities for direct communication between almost any two points in the Empire for a short period each day in ordinary weather.

The Chairman: This is new to me.

Mr. Hughes: This is light on a dark place. Dr. Eccles now says these will be the most powerful stations in the world.

Dr. Eccles: I think they will be the most powerful short-wave stations in the world.

The Chairman: Not short-distance stations?

Dr. Eccles: No, short-wave stations.

Mr. Hughes: Why do you say it will cost so much more to put up a station like the Bordeaux station if these will be the most powerful stations?

Dr. Eccles: It is designed for 2,500 miles, just as a ship may be designed for 26 knots. We have designed this for say 2,600 miles, and we can use a certain wave for that, and by using that wave you can get a certain class of station. If you want to go 4,000 miles you can use a longer wave.

Comparison of
Bordeaux Station
and the Imperial
Stations.

Mr. Hughes: Yes, I see that; then it is not a fact that these will be the most powerful in the sense that Bordeaux is the most powerful? You took the analogy of a ship; they are driving this at say 32 knots, and you are going down to 20 knots, which you say is the economical unit?

Dr. Eccles: Yes, that is the economical unit.

Mr. Hughes: I quite see that, but the point that I want to clear up is whether it is a fact that Bordeaux will throw further.

Dr. Eccles: I do not know that it will be heard further.

The Chairman: It will throw further for longer hours: is that the point?

Dr. Eccles: No, I should compare them in this way: if you are working India, for instance, and you know that with the proposed station you can get a six-hours service, if you have a station like Bordeaux, which costs a great deal more money and has a great deal more horse-power in it, you will get another hour or half-an-hour of service per day on the average in the year. For that extra half-hour of service you will have paid an extra half million or million of money for this single station, so that extra half-hour is really not worth it, especially if you are bound to put up intermediate stations as well for strategic or commercial purposes.

Mr. Hughes: What you have said, if I understand it aright, is of course very much to the point, and you have removed some of the objections which I had. You say we shall be able to talk to India for six hours.

Dr. Eccles: Yes, about five or six hours a day.

Mr. Hughes: And Africa?

Dr. Eccles: Six hours a day, I think, across the Indian Ocean.

Mr. Hughes: And to England for two hours?

Dr. Eccles: You ought to get two hours.

Mr. Ballantyne: I suppose you are aware that Canada has not a high-power station on the Pacific Coast?

Dr. Eccles: This scheme now includes Canada, because the Canadian Government has communicated with the Home Government saying that they were hoping to come in.

Mr. Ballantyne: They said that we would be willing to co-operate with you, I think.

Dr. Eccles: Therefore in our plans we are expecting that you will share in the getting of the stations, and that you will equip Eastern Canada and Western Canada.

Mr. Hughes: How do you account for the fact that the whole world is marching out of step with us? Of course it is a great tribute to our reputation, but how is it

that we keep on doing things that the world has long abandoned? The Americans are a fairly go-ahead people: do you say they are wrong? Imperial Wireless Scheme.

Dr. Eccles: Are you referring to the Radio Corporation?

Mr. Hughes: Yes.

Dr. Eccles: Yes, I think they are going wrong. I think they and all the other countries are led very much by their financial magnates. If you look into the financial history of wireless telegraphy in America you will find it is now under the control of two people, one is Mr. Alexanderson, and the other is Mr. Godfrey Isaacs or his deputies. They have decided to push a certain machine, and they will hear of nothing else but this machine. This machine demands a certain type of station; they will be very costly stations, but if they can get other people to put the money up the manufacturers will feather their own nests. It is just a matter of big finance to get orders for this particular machine by booming it. My American friends candidly told me that it is a purely financial reason, not a technical reason, not a reason arising out of the merits of the machine. Moreover, a lot of capital has been sunk in machinery for building that type of plant, and the financier does not want to scrap the works which he has erected for the making of those machines. Development in America.

Mr. Hughes: Now that my attention has been called to this. I say that we have simply got to be in touch with Canada. This is what you say on page 22, paragraphs 42 and 43, reading from towards the end of paragraph 42: "In view of the foregoing considerations the Australian Government would be well advised, in our opinion, to be content for the next few years, which may well bring striking developments in long-range wireless telegraphy, with the communication from northern Australia to Singapore by the employment of the valve station we recommend, the more so since emergency strategic needs appear likely, as explained later, also to be met by this scheme. (43) The same considerations apply to the construction of a Pacific super-station by the Canadian authorities for communication with Australia. If the Australian Government decides not to erect a station of very high power"—What does that mean? Is that certain under your scheme? Recommendation of Imperial Wireless Telegraph Committee as regards Australia.

Dr. Eccles: When this was written we were contemplating a station of a certain power.

Mr. Hughes: Higher than you have decided upon?

Dr. Eccles: No, further and more recent work has shown that we can build stations of perhaps four times the power we were thinking about when we were making this report.

Mr. Hughes: Then the report was based upon something which was quite different?

Dr. Eccles: No, there has been progress and knowledge gathered since the date of this report.

Mr. Hughes: Then let me finish the paragraph: "If the Australian Government decides not to erect a station of very high power, and the Canadian Government should hesitate to erect a Pacific station which, in that event, would be used entirely for communication with a foreign country, namely, Japan, it might be well for them to allow the Canadian Marconi Company to do so, under suitable conditions, in accordance with a proposal recently made by that company to the Canadian Government. The telegraphic facilities between Canada and Japan are at present bad and the rates are very high, and communication between the United States and Japan also leaves much to be desired. Any estimate of traffic must be guesswork, but an initial load of 1,500,000 words might fairly be expected, producing an income for the Canadian station of, say, £75,000." In face of what you have said now, what are we to think of that paragraph? Let me put this as a practical proposition: Mr. Churchill says we shall do nothing; that appals me.

The Chairman: I say if we do not agree we shall get nothing done.

Mr. Hughes: Well, let us know what we are agreeing to. To agree to do something that is to bear fruit in Australia ten years, two years, nine years, or some *x* quantity of years does not move me at all. I do not know how long it takes to build these stations, and you have not told us.

Imperial Wireless
Scheme.

Sir Henry Norman: Yes, it was in my original statement that if this were adopted and carried out the Imperial scheme should be working by the end of 1923, or possibly sooner.

Mr. Hughes: I do not not know what the Imperial scheme means. What I want to know is this: When can these stations be erected in Australia? If we elect to come in, must we wait until we are taken in alphabetical, chronological, or geographical sequence?

Sir Henry Norman: No.

Mr. Hughes: Then I want to know what you mean by this paragraph 43. and I should like to know why it does not include Canada. I tell you frankly we will not agree unless Canada agrees, because by your own showing we shall then be cut off from Canada unless she puts up a station, so we must know. We can get along all right with New Zealand, because it is a short distance, and, anyhow, we have a station.

Mr. Massey: There is no difficulty there. We have lots.

Mr. Hughes: But with Canada we must know what she proposes to do, so I would suggest this. You have removed a great many of the difficulties. I come here with an open mind except upon one thing. I want something done. I do not care twopence about this quarrel, for this is what it amounts to, between you and the Marconi Company, that does not matter to me at all. I do not care either for them or for the experts, *qua* experts, on your side. I am concerned with the merits of the thing. I hope I am saying nothing disrespectful. I am not concerned in this quarrel, but what I want is the Imperial chain of communication. I say I do not care who does it. If you say "the Governments ought to do it," all right, we will do it; and if you say "we think it ought to be done in a certain other way," I will do that; but what I will not do, so far as I am able to decide, is to do nothing

Date when Scheme
likely to be
Working.

The Chairman: Dr. Eccles says, as I understand, that if we decide before we separate to go ahead on these lines, you will be in communication, as he described, with all those parts of the world continuously through the chain before the end of 1923.

Mr. Hughes: Yes, but that is rather ambiguous. What I want to know is this, first of all: Is Canada coming in? If she is, then how long will it take us to erect our station in Australia, because when we have it we shall for two hours in the day be able to communicate with England, and as soon as the station is put up at Cairo we shall be able to communicate for seven hours in the day, or whatever it is, with Cairo, and when the Indian station is done we shall be able to communicate with them for four or five hours a day, and so on. Shall we wait until the end of 1923 for that, or is it possible to achieve it at an earlier date?

Dr. Eccles: The designs will foreshadow a standard plant in every particular, and it might be an economical advantage to order the ten stations simultaneously, distributing the work to a great many different firms, but getting each firm to do repetition work on its part of the job. In that way you get great speed in manufacture and great economies

Mr. Hughes: Not the actual wireless.

Dr. Eccles: No, the electrical engineering, the towers and everything, would be built to a type. They would be like so many peas.

Mr. Hughes: I do not know about Canada, but all the things that we can do in Australia we shall do in Australia.

Dr. Eccles: There is no reason why some of the work should not be done in Australia for the whole Empire.

Sir Henry Norman: That is part of the plan.

Mr. Hughes: We can do a lot of things, you know.

The Chairman: The idea is, instead of your making several different kinds of things, that you should take over one part of the production.

Mr. Hughes: Yes, I see what you mean.

The Chairman: In that way you would get the greatest economy of production.

Sir Henry Norman: For the whole Empire.

The Chairman: Yes, not for Australia only.

Mr. Hughes: Yes, I see that perfectly.

Dr. Eccles: In addition, the speed of manufacture of the parts would be great, and they would be quickly erected, because the same staff would circulate and do a great deal of construction and erecting. We should erect the first tower perhaps in England, and then those men would be distributed to the different places, and would teach labour on the spot to do the bolting together of the towers in each district at each station. The problems of erection would be largely overcome by having everything the same and training a staff at one place to do the erection. Then when the time came for joining up the stations, the staff would be men trained at some one place who would be distributed ready trained to do the work at the different stations, and in that way again great economy of time would be obtained in putting things into operation.

Mr. Hughes: Are you suggesting now that we should import English labour?

Dr. Eccles: One man could teach the Australians the expeditious way of putting up the towers. It is the customary thing in all large contracts to do that, and we would help your people to start the erection.

Mr. Hughes: Yes, but I will not go into that because we have not come to that yet

The Chairman: Do you wish to ask any further questions of Dr. Eccles?

Mr. Mentz: I want to ask one question with regard to Africa. Does this mean, for instance, scrapping the station at Windhoek?

South African position as regards the Scheme.

Dr. Eccles: I believe it would be advantageous from the financial point of view, looking four or five years ahead. A special report has been drafted on that problem which will be in your hands in a day or two.

Sir Thomas Smartt: The material would be quite useless for other places, would it not?

Dr. Eccles: It would not fit into the standard scheme, but you could use it if you wished

Mr. Mentz: Could it be used to build where the station now stands?

Dr. Eccles: It would be better if you could put the station at Johannesburg that would be better for communication with Australia, for instance. If you kept the station at Windhoek there would be a high plateau of land between the two stations. It is possible that Johannesburg might not be the best place in respect of thunderstorms, but we propose to send men out to investigate the local electrical weather.

At this stage the following were received by the Conference:—

Mr. Robert Donald, Chairman, Empire Press Union, with Mr. H. E. Turner, Secretary, Empire Press Union.

The Chairman: I will ask Mr. Donald to make a short statement that he wants to make on this matter which he had been ventilating with his usual power in the press.

Mr. Donald: Of course, I am not an expert on this subject at all; I am simply an enquirer and reporter; to a certain extent I speak for the newspapers, but on some points I do not. I take it that we are all agreed that something has to be done quickly, and that you are not agreed on any scheme that has been proposed; otherwise we would not be discussing it. Mr. Hughes, I think, represented the opinions of the press when he said we are not so much concerned with systems as with getting the thing done quickly. It is the duty of statesmen to find the way, and newspapers have the privilege of criticising them, whether they do the thing right or wrong. The newspaper and the public attitude on this question is largely a negative one. Therefore it is much easier for me to make negative criticism than constructive

Imperial Wireless Scheme.

Delay in Construction of the Stations in England and Egypt.

criticism. One part of our negative criticism is that we do not believe in the capacity of the Post Office to run this wireless system. I need not go into the details of it, but we have no confidence in the capacity of the Post Office as a business undertaking to carry on this huge enterprise extending over the whole world. We judge the Post Office by what it has done, and perhaps by what it has not done. As regards the first part of this Imperial chain from Leaffield to Cairo

The Chairman: That is the same as Oxford.

Mr. Donald: Yes. I do not want to trench on technical matters at all, but those two stations were designed eight or nine years ago, and the Post Office has been responsible for them. It is quite true they did not do anything during the war—that may have been a matter of Government policy—but since the war it has been exceedingly slow in building them. We were told in Sir Henry Norman's report that they would be operating shortly—that is, over a year ago. We were told that it was going to be early this year. Then we were told it would be May, then June, then July, and now it is put off further.

Criticising on the Scheme.

There is one technical point I should like to mention. It is not my own criticism, but it is from a very distinguished wireless engineer, who says that the system is out of date; that is to say, the equipment is all right, but it is like putting a Rolls-Royce engine into a Ford car. He says the masts are only 300 feet high, and ought to be reconstructed at a cost of £50,000. That is a statement from one of the contractors engaged, not from a person outside, but somebody who was inside the business. I have received a great many communications as regards the Post Office, which it is perhaps popular to criticise for the moment, and I will give you one illustration. The Post Office is building a small station at Northolt, at South Harrow, that station was designed two years ago; the estimates for the construction were accepted one year ago, and the equipment was ready for delivery in January of this year. The Post Office said: "We cannot take it; the buildings are not up"; the specifications had not even been issued. In February the Post Office informed the people responsible, the contractors, that the purchase of the site was not complete. Very well; if it takes the Post Office two years not to build a station in the suburbs of London, how long is it going to take them to build stations in India, Australia and New Zealand?

Then there is another objection which I think I ought to mention on behalf of the newspapers. They object to the Post Office undertaking this great world-enterprise. They think it is bad from a business point of view. I think I may also add that it is bad from a political point of view. Sir Henry Norman in his report allocates the expenditure throughout the Empire. He states that the British Post Office ought to build a portion of the Imperial chain and that the Post Offices in other Dominions should build the rest. New Zealand is not mentioned, and Canada is left to work on its own account. Mr. Illingworth informed us early in the year that it had been decided that the Post Office should take over the whole enterprise within the British Empire. I think it is against the tendency of the time to put one Post Office in the position of domination over the other Post Offices which are going to contribute part of the cost of the scheme. I take it that the trend of Imperial development is to preserve equality of status, and not to raise up one Post Office to a superior position to other Post Offices, even if it were thoroughly capable, which I do not think it is. Very well, then, we are against the Post Office for business reasons, and also for what I consider to be a political reason. But we were naturally opposed to a private monopoly. There is no doubt that monopolies exist; they are universal, and the Governments will have to control monopolies and see if there is any means by which a monopoly, whether it is in wireless telegraphy or anything else, can be harnessed to the service of the State. I say we are against monopolies, and we are against the Post Office. I cannot speak for my own colleagues, because I have not consulted them, but I suggested a kind of Imperial Corporation run on business lines. It might be possible to carry it out, but, anyhow, it is a suggestion to attain what I may call unity on the material side, that is, standardisation for quicker construction. After all, the building of wireless stations cannot be a very difficult engineering feat. Sir Henry knows much better than I do, and I would not like to venture any opinion on it, but it seems to me that you get the material from different sources, and that you get somebody to erect it. It is not a monopoly, and anyone can do that sort of thing. If you have any kind of centralisation of material at all, it seems to me you ought to be able to get standardisation and quicker construction. On the other side, on what I am calling the Imperial political side, you get a certain unity throughout the Empire, with

such local autonomy as you can get. Anyhow, you attain unity. We have been looking at what other countries are doing, and undoubtedly they are ahead of us; they were ahead of us before the war, during the war, and now after the war, and they are contemplating schemes of a magnitude that our representatives have not yet considered.

Imperial Wireless Scheme.
Progress in other Countries.

Mr. Massey: Which countries?

Mr. Donald: France, Germany and the United States. I think France is the best illustration.

Sir Henry Norman: It has been most elaborately and carefully considered.

Mr. Donald: Beautiful plans are all very well, but you do not dispute that France has been carrying on communication successfully over very long distances since the middle of the war. I do not think that is disputed.

Dr. Eccles: During what interval of time each day?

Mr. Donald: I do not know.

The Chairman: It all turns on that.

Mr. Donald: Yes, but they get there.

The Chairman: There is no difficulty about that.

Mr. Donald: That is just a little side issue, and, if I may, I will deal with it. It arises on a question that Mr. Kellaway answered in the House yesterday. Somebody asked a question about China, and this is what he replied. He said that as the receiving stations exist—that is, in China—they would be able to receive news from stations on the proposed Imperial chain, Hong Kong, Singapore, and possibly India. Hong Kong and Singapore are near, and why it was “possibly India,” is not very clear, for the Havas News Agency has been carrying on direct communication with Shanghai for many years.

Sir Henry Norman: By wireless?

Mr. Donald: Yes.

Sir Henry Norman: From France?

Mr. Donald: From Lyons

Sir Henry Norman: The service from Lyons to Shanghai is very unsatisfactory. They hoped they would get over the difficulty of the lack of power at Lyons by the station at Bordeaux, with its enormous 1,000 kilowatt unit, but when they got that station going a few years ago they discovered that that power was insufficient, and now they are trying to solve the problem by building a much more powerful and modern station.

Mr. Donald: That shows the enterprise of the French people. They get results, anyhow. If they make a mistake they go and improve on it, but when we make a mistake we do not improve on it. During the Peace Conference in Paris the American Propaganda Department took over the two receiving stations in China, one belonging, I think, to the Chinese Government in Peking, and one to a French Company in Shanghai, and they ran them with American Marines. They received 8,000 words every day from the Lyons station. What is your explanation of that?

Sir Henry Norman: I only hear it from you.

Mr. Donald: I got it direct. Otherwise I should not venture to mention it.

Mr. Hughes: That goes to the whole point, and destroys the case of the other side.

Dr. Eccles: I have stayed at Lyons station, and I have known some days on which they got a good deal of work through, but on other days they have not been able to get a single word through.

Mr. Hughes: From where?

Dr. Eccles: From America or to Shanghai.

Mr. Donald: They could not get it back.

Imperial Wireless
Scheme.

Dr. Eccles: No, but there are sometimes many days in the week when they get nothing through to Shanghai.

The Chairman: We have had a very interesting argument laid before us showing that although it is possible to communicate across these great distances, it is only possible to communicate during a very small number of hours in the day.

Mr. Donald: I quite agree.

The Chairman: Consequently, if you are to have an effective service over these enormous distances, if you are to have a great flow of commercial and press messages, you must adopt some different method. No one has disputed the fact that you can talk across the world, but they say you cannot maintain that continuous rapid service throughout the twenty-four hours which alone will meet the need that there is.

Mr. Donald: I quite understand that, and I must guard myself against giving any expert opinion. Sir Henry Norman's report on that point seems to me to be common sense; you can communicate over 2,000 miles continuously, but for longer distances it is a very risky business, other nations are taking the risk, and why should we not take the risk?

The Chairman: These stations only cost about £125,000 apiece, whereas the Bordeaux station cost £2,000,000, and they have to build a still bigger one.

Mr. Hughes: We are told we can put up this station for £500,000.

Possibility of
6,000-mile
Stations.

Mr. Donald: I have a page here from a catalogue of a man whom I think is admitted to be a very clever wireless engineer, Mr. Elwell. This is a catalogue he got out in 1919. He equipped the Lyons station and many other stations with this equipment which you do not propose to use, but he says he is prepared to build stations for a commercial service for any distance up to 6,000 miles, and for military and naval purposes for greater distances. He is a practical man.

Sir Thomas Smartt: Is he prepared to enter into financial obligations to guarantee the works?

Mr. Donald: That I do not know, but I think he has done very good work up to now in the way of building stations, and, of course, he says 6,000 miles. But on this point of the hour's communication in the twenty-four hours, it is very important, as we saw during the war, to get in first. We get propaganda after the war, and it is very important to get in first with any kind of message or news or anything else. If there is a station in Germany and one in France disseminating news throughout the world to all stations, possibly up to 5,000 miles or so, and those messages get to British ships and British territory first, that news will be used, and I do not see why, if other countries can get an hour out of twenty-four in the day, we should not. We can only arrive at these things on a basis of deduction from what other countries are doing. The German company and the French company are building stations to communicate with the Argentine. If they only get one hour a day it does not matter, they are doing it. It is a risky business, and you are going to lose money over it, but other nations consider that it is worth while to lose money to have an Intercolonial system, so I think we should take the risk and have an Imperial system. As Mr. Churchill said, you cannot speak for long, but you can do things with wireless now that you could not do ten years ago, and who is going to say what you will be able to do five years hence?

Sir Henry Norman: Perhaps I may say that Mr. Elwell was one of the witnesses before the Imperial Wireless Telegraphy Committee, and we discussed the matter with him at great length.

Mr. Donald: That is his statement. I do not know much about him. I know the gentleman, and that is all. I think it is very important that you should have a station that can work twenty-four hours a day, but it is also necessary to be on an equality on other occasions and have stations that can work, if it is only for one hour out of the twenty-four. I think you will admit that in this matter we are not so enterprising as France, Germany and the United States.

The Chairman: I should like to put you *au fait* with what we have been discussing. What we have been told by Dr. Eccles is that these new stations that it is proposed to put up, the Imperial wireless stations, standardised stations, will be capable of sending to all parts of the world. For instance, Australia will speak

to London for two hours in the day, it will speak to South Africa for six hours in the day, and it will speak to Canada for four hours in the day, but all of them will, through the intermediate stations, be able to speak continuously, and at high speed. Imperial Wireless Scheme.

Mr. Hughes: For twenty-two hours in the day.

The Chairman: If you confined yourself only to the three big stations you would still have to make the intermediate stations for strategic requirements. We must have one at Singapore and another at Cairo, and therefore you would not get the advantage of this continuous flow, but you would have to have much higher charges. That is the structure of his argument. Then he explained to us in what I thought was a very fascinating passage how you would begin talking between England and Australia, then the electrical weather gets thick, and in ordinary circumstances you would have to stop, and continue the next day, but in this case you merely call up India and she bridges the gap, and then if the weather gets still worse you can call up Singapore or Cairo, as the case may be, so you do manage by one channel or another to keep this continuous flow right through the twenty-four hours, or for twenty-two out of the twenty-four.

Mr. Donald: That is the ideal system to aim at, but you do not get very much further supposing you get over the engineering difficulties. Who is going to build these stations quickly, and who is going to manage them?

Mr. Hughes: That is the very point I was making.

Mr. Donald: We were told we might have them by the end of 1923, when the whole chain will be working, but it is not certain yet how much quicker Mr. Hughes could get into limited but direct touch with this country. He wants to start at once, as I understand.

Dr. Eccles: Do you want me to answer that?

The Chairman: Yes.

Dr. Eccles: I do not think it would pay him to start on his own account. He would not save many months, and he would have a lot of experimentation and loss through false starts if he attempted to erect something in Australia independently. *Difficulties in the Design of the Stations.*

Mr. Hughes: Why? Have you not settled the whole thing?

Dr. Eccles: No, not yet; it will be about the end of October or November before the specifications are prepared.

Mr. Hughes: It is a fair thing to ask why you have not done so. How many months has this Committee been sitting?

Dr. Eccles: It has been sitting since January 1, I think, or at any rate, early in January.

Mr. Hughes: It is composed of experts to whom all these things are quite familiar, and you have come now to a point when you say that by the end of the year you will have a design ready, and then you have to begin your work. I think you are taking a very optimistic view if you think that under the control which is suggested there will be anything doing by the end of 1923.

Dr. Eccles: If Mr. Hughes thinks the consulting work could have been done any quicker, I should like an opportunity of reminding him that this is probably a bigger job than the Forth Bridge, and the Forth Bridge took four years to design, with a good staff, having Sir John Fowler and Sir Benjamin Baker at the head. Why do you expect us to do something bigger in a shorter time?

Mr. Hughes: I do not admit for one moment that it is a bigger job in that way. As to the scientific part, the part that perhaps you have in your mind, I say nothing, but you have your system, have you not?

Dr. Eccles: It is a very big job, even from the structural point of view. The towers are very big.

Mr. Hughes: Will they be as big as Bordeaux?

Dr. Eccles: As big or bigger, I hope, but as big, anyhow.

Mr. Hughes: How long did it take to put up the Bordeaux tower?

Imperial Wireless
Scheme.

Dr. Eccles: They used a type of mast which I think would not stand up in the Tropics, and we have to design another kind.

Mr. Hughes: But still, how long did they take?

Mr. Donald: Two years?

Dr. Eccles: Eighteen or twenty months, I should think.

Mr. Hughes: You cannot compare the Forth Bridge with them, surely. How long did it take to put up the Eiffel Tower?

Dr. Eccles: The Forth Bridge took seven years to erect and four years to design.

The Chairman: Anyhow, the great thing is to get started, so that in two years we can get the thing working

Mr. Hughes: I will cheerfully start on the first competent scheme that will get something done

Mr. Ballantyne: I want to ask Mr Donald this: Of course, I see all that you say with regard to Government ownership. We are largely interested in Canada, unfortunately, in Government ownership of railways and other things, but there is this to say in favour of Government ownership, that no private company would take a chain like that, knowing full well that there was going to be a loss at first.

Mr. Donald: They have managed to get over that difficulty in other countries. Of course, there is bound to be a loss, and a heavy loss.

Mr. Ballantyne: If there is going to be a loss, and we are looking at it from an Imperial point of view, and are willing to have a loss, that makes private ownership difficult. does it not?

Mr. Donald: I have not suggested private ownership. On the contrary, I am against it. I suggested that you might utilise some commercial element, but I am against private ownership.

The Chairman: I think we must bring this topic either to an adjournment or to a close.

Mr. Ballantyne: Let us bring it to a close, please.

The Chairman: I should like to know whether you are prepared to pass this resolution.

Mr. Ballantyne: I am, for one.

Resolution by the
Meeting.

The Chairman: Only as a referendum to the Imperial Conference. First of all let me say that I thank Mr. Donald very much indeed for coming.

Mr. Donald: I do not know that I have been of much assistance to you.

The Chairman: We wanted to hear all you had to say.

Mr. Donald: The business community are to be one of your greatest supporters in this chain if it is started. Therefore it is important that you should have an authority that has their confidence, and I do not think the Post Office will have got their confidence. It may be prejudice, but it is a fact that you have to face. (Mr. Donald then withdrew.)

Mr. Massey: I am sorry, but I must go. I support the motion.

The Chairman: What do you say, Mr. Hughes?

Mr. Hughes: This commits us to it.

The Chairman: The Conference has to confirm it, so you will still have some time before that.

Mr. Hughes: I have not received any assurance. Many of my objections have been removed by what has been said, but still the point on which I want assurance is, when will the thing be ready? And then what will it do? If you say you will have this design ready by a definite date, then we shall know that much. You can get it done, or you can do it yourself, whichever you please. Almost everything about wireless apparatus itself is known.

The Chairman: Does it come to this, that you will support the resolution? I must report something to the Conference, you know. Imperial Wireless Scheme.

Mr. Hughes: This commits me to the Norman scheme.

Sir Henry Norman: Please do not call it the Norman scheme.

Mr. Hughes: What am I to call it?

Sir Henry Norman: The Imperial Wireless Telegraphy Committee's scheme.

Mr. Ballantyne: Why not pass it and then we will discuss it at the Conference?

Mr. Hughes: I agree to this on the assumption that it is only a formal reference, and it must be understood that I do not support it.

The Chairman: Exactly.

Sir Thomas Smartt: When we are discussing it at the Conference would it not be possible to give some information as to the possibility of development of wireless telephony?

The Chairman: We will have another sitting some day next week—we must have, as we cannot possibly get through now—and I will ask Dr. Eccles and Sir Henry Norman to prepare a further statement on wireless telephony. Then we will see if there are any other points which in the interval you have made out as to the time by which these stations could be constructed, and then if, Mr. Hughes would like to have a private talk with Sir Henry or Dr. Eccles he has only to send and ask them to come to his house, and they could thrash it out.

Mr. Hughes: If I can put some of my doubts in the form of questions, if I cannot see you, perhaps you will not mind my sending them to you.

Dr. Eccles: Certainly: I shall be very glad to answer them.

The Chairman: Has the Postmaster-General anything to say on the subject.

Mr. Kellaway: There are a couple of observations that I should like to make in reply to the statement made by Mr. Donald. I hope the Conference will clear its mind of any idea that there is any proposal that the British Post Office should run this thing. The proposal is clearly that each Dominion should look after its own station. No proposal has ever been made of the sort that has been suggested. We should look after our own end. Then as to the construction of the stations, they are not going to be constructed by the British Post Office.

Mr. Hughes: That may have been meant, but I did not so understand it.

The Chairman: How are they going to be constructed?

Mr. Kellaway: They will be put out to contract, and will be constructed under the supervision of the proper engineers of each Dominion. Then a big point was made about the delay at Leafeld with material. That has been due to the failure of private enterprise to carry out its obligations.

The Chairman: May I ask whether you, having given Ministerial consideration to this, are for it altogether?

Mr. Kellaway: Certainly, I think the objections to it being in the hands of anything but Government are overwhelming, for Imperial and strategic reasons, and also from the point of view of the future of wireless.

Mr. Hughes: I only agree to this: the Government must own it. It is fundamental that if a company has anything to do with it it must be most carefully safeguarded. Of course, I prefer Government control, but, human nature being what it is, I doubt if we could get an efficient service.

The Chairman: Then this resolution is passed, subject to Mr. Hughes reserving his right further to discuss it.

Resolution: It is agreed that His Majesty's Government should take steps for the erection of the remaining stations for which they are responsible as soon as the stations are designed, that the Government of Australia, the Union of South Africa, and India, should take similar action so far as necessary, and that the Governments of Canada and New Zealand should also co-operate.

Shipping
Communications.

The Chairman: The first resolution as regards shipping is as follows: "The Conference approves the recommendations made in the report of the Imperial Shipping Committee on the Limitation of Shipowners' Liability by clauses in bills of lading, and recommends the various Governments represented at the Conference to introduce uniform legislation on the lines laid down by the Committee." I see no objection to that. The different Dominions have all been represented on the Committee.

Mr. Baldwin: I think the report has been circulated.

Mr. Ballantyne: What does this refer to?

Sir Thomas Smartt: It is a recommendation with regard to bills of lading, I think.

The Chairman: The President of the Board of Trade will say a few words on the subject.

Mr. Baldwin: I think that in a few words I can really cover both the resolutions, because these recommendations which you are asked to support to-day are the first product of the Imperial Shipping Committee.

Imperial Shipping
Committee.

The Imperial Shipping Committee was set up in accordance with the resolution passed at the Imperial Conference three years ago, in 1918; the Committee was finally selected, including representatives of the Dominions, in the early part of last year, and it has done about twelve months' work. To it were referred all kinds of shipping questions that might arise in which business men were affected in all parts of the Empire, and there was a second subject referred to it; that was the subject of communications between different parts of the Empire.

We were very fortunate in securing for our Chairman, Sir Halford Mackinder, who has devoted a good deal of time to the work of this Committee. He is here to-day, and if opportunity is given him he will be only too pleased in a few minutes to tell you what the Committee has done during the first year of its existence. The first year of any Committee's existence includes a certain amount of time spent in getting together and settling down, but they are doing very good work now, and they are undoubtedly winning the confidence of the business people and the shipping people, and bringing them very closely together; and I think it will be productive of very great good. But the most important part of this Shipping Committee, to my mind, is this: The maritime communications between different parts of the Empire are perfectly vital, and the maintenance of Imperial shipping supremacy, mercantile shipping, is absolutely vital to the Empire; since the war attempts have undoubtedly been made in different parts of the world, especially in the United States of America, I will not say to cripple our shipping, but to get every advantage that they can for their own shipping, a course which must be very prejudicial to ours. So I think at this time and in the years to come it will be of supreme importance that various parts of the Empire should be in the closest touch in all these matters, and that we should see that, while doing everything we can to maintain and to improve our shipping, and to facilitate the shipping trade, both as regards the shippers and the people who send their goods to the ships, we keep a very careful eye upon everything that may be done in any part of the world to compromise the great position that we still hold. That is one of the great reasons that makes me hope that this Imperial Shipping Committee may become, in the course of time, a permanent institution.

The resolution is so worded that I only ask you to endorse the proposals for constituting this as a Permanent Committee with a Royal Charter, and I hope you will agree that until the definite constitution of this is agreed upon the Committee should be asked to continue its work, which has begun so well, for another year. A draft Charter has been prepared, and it was completed after the time when the various Prime Ministers and Ministers left to come to this country. I do not know whether they have seen copies of it, and I do not think it would serve any useful purpose to discuss the details of it to-day, because they will have an opportunity of studying it when they get a copy. All I want to-day is the endorsement of this one recommendation that they have made as regards bills of lading and the endorsement of the second resolution.

Mr. Hughes: What is the recommendation that they have made?

Mr. Baldwin: It is set out in the report of the Committee (Cmd. 1205), but Sir Halford Mackinder is here, and will be very glad to answer any questions.

Mr. Ballantyne: Aside from this great big question of the shipping of the Empire, you do not want to take up at this meeting of the Conference anything that will be taken up at some later meeting, I take it? Shipping Communications.

Mr. Baldwin: I do not think, certainly, that there will be time now to discuss this as it should be discussed. This Committee has not tackled the whole of the question because it is such a big one.

Mr. Ballantyne: It is very difficult to do everything in a year. I might say that when you do come to it, speaking for Canada, we will be very glad to co-operate with you, but having 500,000 tons of shipping ourselves now, we would not want to be bound down; we would want a free hand; but at the same time should be happy to co-operate in any reasonable way.

Mr. Baldwin: That is all we ask.

Mr. Hughes: In 1918 the matter was brought up again, and it has been brought up at many conferences, of course. One of the chief reasons that moved the Prime Ministers subsequently to discuss the matter with the Prime Minister of Great Britain was the necessity for improved means of communication, faster services. Your Committee has not approached that question yet. Need for improved Means of Communication.

Mr. Baldwin: No, not yet.

Mr. Hughes: I was a member of the 1907 Merchant Shipping Conference, and I am fairly familiar with these points that you have brought up; they are entirely subsidiary, and the great question has not been looked at.

Mr. Ballantyne: I must go now, but I approve of the resolution as to bills of lading.

Mr. Hughes: I do want to say that I cannot help expressing my very great regret that there has been such a lapse of time, and nothing has been done with regard to a matter which is absolutely vital to the Empire. Twenty-five years ago we had a steamship service between here and Australia which was better, so far as speed is concerned, than we have to-day. Surely you do not hope to maintain the supremacy of the Empire by such retrograde steps. The Committee ought to have considered that, because it is a very important matter. It is all very well for you here, of course, but it is very bad for us.

The Chairman: I think it is most important to do anything that we can do.

Mr. Hughes: Then there is another point, the question of rebates. That was discussed by the Prime Ministers and all were agreed that it was a most undesirable practice. Since then, of course, as you no doubt know, it has been exercised against the Commonwealth Line of steamships owned by the Commonwealth of Australia, and we have seen it if not approved at all events tolerated in this country, that a combination of a non-Government line of steamers, the Conference lines, have endeavoured to prevent the Australian Government steamers from getting any cargo at all by this pernicious practice of rebates. Your Committee was asked to direct their attention to that, but they have not done so. Rebates.

Sir H. Mackinder: That is not quite so. I will answer you presently, if I may.

Mr. Hughes: It is not an answer we want, it is redress for our grievance. The answer is here, but redress is what we want.

The Chairman: Sir Halford Mackinder will tell you what the position is.

Mr. Hughes: I know only too well what it is, because I have read through the whole of this.

Sir H. Mackinder: May I say that the Committee consists of very various elements, not only representatives of the various Governments, but also, as Mr. Hughes knows, of persons experienced in shipowning, shipbuilding, and as merchants.

Mr. Hughes: Certainly I know that.

Sir H. Mackinder: We have only really had nine months' work. When we first met, since we were not a Committee appointed simply to look into one question, but into many questions, it was necessary that a body so various in its constitution should find itself, should get together, and therefore it was rather essential that we should Work of the Imperial Shipping Committee.

get something like unanimity on the first matters that we considered; and this very important matter that is reported on in our first report, that is to say, the limitation of shipowners' liability, occupied a number of days inevitably, even though we took advantage of what had been done before. The Committee came to a unanimous finding. This is the first time that shipowners have ever joined in such a decision, and certainly within the Committee it was considered a very considerable achievement that we should have managed to get that unanimity to include our shipowners. The result has been that first of all the Committee itself, I think, is in a very different condition from what it was at the beginning, owing to the fact that it has achieved this unanimity; and, in the second place, the position held by it in the shipowning and mercantile world is a very much stronger one; and I think this question, which has been a much agitated question for a great many years now, is probably in the way of settlement so far as public opinion is concerned as the result of our report.

Mr. Hughes: And what about the other points?

Sir H. Mackinder: I will refer to them, but I ought to point out that this Committee has worked very hard; it meets almost every Friday and sits for three or four hours, and it includes very busy and important men. The Committee has now found its feet, and a certain amount of time was inevitable for that.

Mr. Hughes: I recognise your many difficulties, and I quite appreciate them.

Sir H. Mackinder: The effect of the first heading of our reference was that we were flooded with complaints from all parts of the Empire, and we had to start enquiring into them. There is a limit to what is possible in a certain time, and the Committee delegated to me as Chairman many matters which I dealt with, often giving several days in the week to the work. The progress we have made in this matter is illustrated by one rather significant fact, that now not merely do the merchants come to us against the shipowners, but we have reached the position when the shipowners come to us against the merchants. The shipowners are, I understand, now bringing a complaint against the coal merchants of Calcutta, so we are really getting into the position of being able to deal with differences between different portions of the Empire, and to promote peace. That is one half of the reference which was made to us, and I can simply say that unless the Committee had been willing to trust me as their Chairman, and unless it had been within my power to give two or three days a week, when necessary, to the work, it would have been quite impossible to cope with that one head only of our reference, namely, complaints from all parts of the Empire. One of the complaints was precisely on this question of rebates, and it came from the Australian Government. First of all we had to complete the discussion of the matters which we had already under consideration, especially the question of bills of lading, and therefore we were not able to take up the question of rebates in the Australian trade until this spring. It came to us in the winter and we took it up within a very few weeks of the time when it came to us. We took evidence, and Lord Inchcape was the one vital witness on the shipowning side. He, as a matter of fact, was busy with certain very important Imperial affairs at the moment, but at the first possible moment he came to us, and we had him under examination for two and a half hours, and the position at the present time is that Lord Inchcape has promised to give us certain further information, for which we are waiting. I hope we shall get that in a short time, when we shall be in a position to make a report to the Australian Government. The question of deferred rebates is a world question, and not merely an Australian question.

Rebates.

Sir Thomas Smartt: It is a very serious question for the Dominions.

Sir H. Mackinder: There are other questions to consider. It would take me too long now to go into the whole matter, but I want to indicate that this question of rebates has not been in the least lost sight of. A very important point, I may add, is this, that the whole grievance may quite conceivably be settled through the action of the Committee in connection with the question of intimidation—the threat to shut out cargo. We may be able to arrange on that basis. The whole question of rebates was the subject of an enquiry by a Royal Commission which occupied, if I remember rightly, many months. I hope we may be able to give some sort of answer on the Australian aspect of it within a very short time. It is not quite correct to say that we have done nothing.

Mr. Hughes: It is a very serious matter, and we are told, for example, that anybody who attempts to ship cargo by a line of steamers going to Australia owned by the Australian Government would be prevented, from so doing, would be penalised for so doing. We are part of this Empire, and it is our duty to draw the bonds tighter, when there is such a great contrast between deeds and assurances.

Sir H. Mackinder: I know that Lord Inchcape absolutely repudiates any intention on his part that that should be the case. Our Committee is at the present time approaching the Conference which controls the ships in the Australian trade, and we are asking them to disavow to us that intention. If they do disavow that intention, then our course is clear; we shall be able to enquire into any given case that comes before us, knowing that it is the intention of the shipowners that penalisation should not occur, and if underlings do anything of that kind we can make the case public and make an example. But I think it is right that I should repeat that the shipowners absolutely repudiate any intention that cargoes should be shut out in the way that Mr. Hughes says.

Mr. Hughes: No court would listen to that as evidence. We have indisputable evidence that any intending shipper has been told that, if he does, then they will not take the cargo at all. There is no doubt whatever about it, and it is a very, very serious thing.

Sir H. Llewellyn Smith: We have had the evidence.

Sir H. Mackinder: We had evidence on that point from your witnesses, and I think there is no doubt that that did happen, but we have no evidence to show that the heads of firms assisted it.

Mr. Hughes: That is exactly the same as what is going on in the Leipzig trials to-day.

Sir H. Mackinder: If we can get to the position that the shipowners repudiate it, and if we then, as we should be entitled to do, make public some bad instance of it, I say we shall have gone a very long way to prevent the whole abuse.

Mr. Hughes: They ought to do something more than repudiate it; they ought to prevent its recurrence, and they can very readily do so. No employee of mine, I am sure, would do a thing which I had said should not be done, and live to tell the tale. I should dismiss him; but you see these gentlemen in the employ of these companies all flourishing.

Sir H. Mackinder: We have now reached the point of considering this, and I hope we are at the point of action; the difficulty is that we are not yet in a position to publish the result of our enquiries or to report to you at the moment.

Sir Thomas Smartt: But I take it that the opinion of this Imperial Shipping Committee is opposed to the rebate system?

Sir H. Mackinder: That is another question.

Sir Thomas Smartt: We know something about this rebate system in South Africa, and have done for many years. In 1911 so disturbed were we about the rebate system that we passed an Act of Parliament making it illegal for anybody holding the mail contract to enter into an arrangement of that character, but in 1913, or just before the war, circulars were issued stating that, so far as space in ships was concerned, it would be given to regular customers, and if it was then found, regular customers having been provided for, that there was space available, it would be open. That is the rebate position in another form, and it is entirely opposed to our statute dealing with the question. The reason why we feel so strongly on the question of rebates is, and I think Mr. Hughes has the same idea, that it has a tendency to defeat that cheap carriage of material between the Dominions and the Mother Country which is so essential for the development of our business. Then you have the question of deferred rebates, which in the old days at the Cape used to be for twelve or fifteen months. If a man got an opportunity of shipping goods at a more favourable rate he was met with the position that he could not take advantage of it, because he would lose all the deferred rebate which had been held for twelve or fifteen months. It was impossible to carry out a policy of that sort without the shipowners knowing it. I do not think any junior official in a department could do it. Whether that goes on in other lines at the present time or not I do not know.

Sir H. Mackinder: With regard to South Africa, may I say that our information is—I am not saying anything for or against the rebate system at the moment—that you have returned to conditions that prevailed before the rebate system was introduced, namely, that regular customers and large customers get a preference?

Sir Thomas Smartt: Yes, such I believe is the case; but to say that the Union of South Africa has returned to that position is not correct. In 1913, before the war broke out, I understand that a circular of that sort was issued, and we were then going to take legal steps; then the war broke out, and that stopped everything, because the ships were taken away and the whole thing was in abeyance, but I understand that the same thing is beginning to come in gradually again. I understand that it is quite true that some of the merchants have signified their acquiescence in the scheme, but I think that the merchant in London is anxious to get an assured rate, and know for a time in advance what the goods will be laid down at. But the interest of the country is not to protect any particular individual, whether he be a shipowner or a merchant, but to get your stuff as cheaply as you possibly can. Do you agree with me, Mr. Hughes?

Mr. Hughes: Yes.

Sir Thomas Smartt: In a country that is to be developed, every pound which is saved in freight is of enormous advantage to us in developing the country. That is why I was anxious to hear the view of the Shipping Committee.

Sir H. Mackinder: I agree with every word you have said, but the point I want to make is this, that the rebate system, I do not say whether it is good or bad, replaced the very system which you have been depicting, in which large shippers get the advantage, and therefore if we were to report on the rebate system we should not have touched the difficulty that you have been putting to me, namely, that the regular customer gets the first preference, the others being shut out if there happens to be no space. That is not equal treatment for all. Therefore it is a very difficult matter, because the problem is not merely to abolish the rebate system, but to consider the other things which inevitably arise unless you forbid them also.

Sir Thomas Smartt: I do not know whether the Committee have thought of the position of regarding your shipping companies on the same basis as you do your railway companies, as common carriers who have to publish a tariff which is open to everybody. That would get rid of a great deal of the trouble.

Sir H. Mackinder: We have faced that question. We realise that the shipping lines are in the nature of common carriers. They attempt to set up in the ocean something equivalent, we will say, to a railway service calling at the great ports. On the land you give a monopoly to your railway system—whether it is owned by the State or by a company does not matter—but on the sea you are open to competition from shipping lines belonging to other nations, and you must not prevent your ships from competing with those of other nations. That being so, we have then the argument that here is something like a monopoly which has in fact sprung up. Where you have a monopoly, that monopoly must be controlled. There is no doubt a debate as to how far effective the monopoly is. Then you get to a very difficult problem when you come to the question of how to control the monopoly in the interest of the Empire without damaging British shipping in competition with foreign shipping. That is what our Committee is at present wrestling with. All I want to say is that every point which has been raised by Mr. Hughes and Sir Thomas Smartt is familiar to our Committee, and is, I may almost say, weekly under discussion by practical and experienced men.

Mr. Hughes: Ours is a Government line, and there can be no question of monopoly there.

Sir Thomas Smartt: You have a lot of other lines besides the Government line.

Mr. Hughes: But when they told us, as they did, that the conditions under which we can work with them were that we should refrain from coming to the United Kingdom a monstrous position was created, and one not compatible with our Imperial position. They actually told us, the representatives of Australia, that with regard to trade going from Australia in Australian ships we should not come to the United Kingdom.

Sir H. Mackinder: You do not attribute any such motives to the Imperial Shipping Committee?

Mr. Hughes: No, I think we are very fortunate in securing your services—you who do not belong to any section of this trade, but it is very serious. We sell our goods overseas, and we cannot allow any company to levy toll on us.

Shipping
Communications.

Sir H. Mackinder: We are saying very straight things to the shipowners, and we are gradually trying to gain strength, so that we may say even straighter things, and I think the position of the Imperial Shipping Committee will become such that no shipowner will wish to feel that he is under the criticism of the Committee. But that will take a little time. If I may, I should like to refer to another matter that you have referred to, that is the matter of the development of the services to Australia.

Development of
the Australian
Service.

Mr. Hughes: A scheme was brought before you?

Sir H. Mackinder: Yes, by Mr. Turner. When I knew that I was coming here, I had a little preliminary discussion on this point with my Committee in order that I might have an authoritative statement to make on it. The first point is this: Mr. Turner, of course, is an individual, and if we were to accept big schemes from individuals such schemes would occupy the attention of the Committee perhaps for weeks on end, and we should be at the mercy of every crank. Therefore I was obliged to reply that if Mr. Turner's scheme was to be considered it must come to us, I will not say backed, but authorised by one of the Governments of the Empire. None the less, I felt it would be more satisfactory if I were able to give you some preliminary statement.

Mr. Hughes: I do not commit myself to that at all. I have seen something of it. But what I say is this: Could you not put it to the shipowners that they might go a little faster? They do not want to build new ships to go faster.

Sir H. Mackinder: May I answer that, because that is the point that I had discussed with my Committee purposely, so as to be able to give you an answer? Part of the reference to us is to make a general survey of the shipping situation of the Empire. That is a very large order. But suppose you came to us and you said, "What does your Committee consider to be the economic speed for first-class steamers between Australia and Britain?"

The Chairman: Of the kind that are now running?

Sir H. Mackinder: No, I say economical speed and size. Suppose then we were asked what subsidy would be necessary for each additional 5,000 tons of size, or for each additional knot, over the economic standards? I have very experienced men with me—the chairman of the Orient Line, who is well known to you, the chairman of Cammell Laird's, and so on, and Mr. Larkin himself. This matter was discussed before me, and without wishing to bind them because it was only a preliminary discussion, from their knowledge they gave me off-hand this definite statement, that the economic speed for a first-class liner carrying first- and second-class passengers, mails, and first-class and refrigerated cargo in the Australian trade at the present time is $14\frac{1}{2}$ knots. They would not deviate even half a knot; that, they say, is the economic speed. Then they say to me: "You can go up to 25 knots if you wish to, but for every additional knot you must pay." What I am putting to Mr. Hughes is this, that I believe the Imperial Shipping Committee could render very great service to the Empire if, for instance, he addressed a definite question to us and said, "Tell us the economic size and speed; make some sort of assumptions about passengers and cargo; then tell us how much subsidy we should have to give for each additional knot?" Then the Governments of the Empire, having that authoritative statement before them, would be able to frame their policy.

Mr. Hughes: Very well, we will do that. You mean for an Empire service, that is to say, across the Atlantic, or Vancouver to Australia, or via India, or via the Cape.

Sir H. Mackinder: Settle your route or you can ask for alternative routes.

Mr. Hughes: I will do that.

Sir H. Mackinder: I want the terminals stated, and it is not very much use mixing up the Atlantic with it, because the North Atlantic service can run at a high speed economically on its passengers, while your line cannot run economically at a high speed on its passengers.

Shipping
Communications.

Resolutions
Adopted by the
Meeting.

Mr. Hughes: I admit it must be subsidised. The question is, what is the subsidy?

The Chairman: May I suggest this, that we should take these two resolutions, which deal with two small matters? The first is: "The Conference approves the recommendations made in the report of the Imperial Shipping Committee on the Limitation of Shipowners' Liability by Clauses in Bills of Lading, and recommends the various Governments represented at the Conference to introduce uniform legislation on the lines laid down by the Committee"

Sir Thomas Smartt: That, I suppose, really means that so far as the Empire transference of goods is concerned the bill of lading should be of a uniform character.

Sir H. Mackinder: I can put that, I think, in one minute. The Harter Act, as you all know, threw the liability on to the shipowner for certain things, but the Canadian Act is the most recent Act of that type.

Sir Thomas Smartt: We have not got a copy of that Act, unfortunately.

Sir H. Mackinder: What we recommend is that, whereas at the present moment only Australia, New Zealand and Canada have legislation on that subject, the United Kingdom, South Africa, Newfoundland and India should have equivalent legislation. That is the recommendation, that we should have uniform legislation.

The Chairman: Very well. The Maharao of Cutch has agreed to both these resolutions. Mr. Massey has agreed, and Mr. Ballantyne has agreed to the resolution as to bills of lading. Do you agree, Sir Thomas?

Sir Thomas Smartt: So far as the uniformity of bills of lading is concerned.

Mr. Baldwin: On page 18 of the Imperial Shipping Committee's Report on Bills of Lading you will see a summary of the provisions in the Canadian Act.

Sir H. Mackinder: There is a supplement to that report which compares all the different Acts of the Empire.

The Chairman: With regard to the second resolution, what do you say? It runs as follows:—

"The Conference endorses the proposals embodied in the second Report of the Imperial Shipping Committee for the constitution under Royal Charter of a permanent Committee to carry out the duties specified in the report, and recommends the adoption of these proposals by the various Governments represented at the Conference.

"Pending the definite constitution of such permanent Committee the Conference requests the existing Imperial Shipping Committee to continue its enquiries."

Mr. Hughes: "To carry out the duties specified in the report, or such other duties as may be hereafter referred to them by the Governments."

Sir H. Mackinder: The wording of the second report really covers that.

The Chairman: Do you agree?

Mr. Baldwin: I think these words do cover exactly what you want, Mr. Hughes. It says in the draft resolution, "to carry out the duties specified in the report," and in the report the functions of the existing Committee are given. These functions include enquiries into: "All questions of a similar nature referred to them by any of the nominating authorities," and "to report their conclusions to the Governments concerned" The nominating authorities are the Dominions and the Home Government, so that really covers the whole thing.

Mr. Hughes: I suppose that does cover it thoroughly.

The Chairman: Mr. Massey agrees to this, the Maharao of Cutch agrees to it, and Mr. Hughes agrees. Do you, Sir Thomas?

Sir Thomas Smartt: These are proposals by the various Dominion representatives I am not quite certain, but I think there was a certain amount of difference of opinion about it. I do not want to be an objector, but I should like to have an

opportunity of looking into this, because I have had no opportunity of looking into it so far. Shipping
Communications.

The Chairman: Provisionally you agree?

Sir Thomas Smartt: Yes.

The Chairman: Mr. Ballantyne agrees to the second portion, but not to the first.

Sir Thomas Smartt: I think that is the position that we ought to take up. It is a very important thing. One needs to read the whole report, and I have not had an opportunity of reading it.

Mr. Hughes: Mr. Massey is not here, and I do not know what his reasons are, or if they might help me, but I will agree to it.

The Chairman: We have a second reading, you know.

Sir Thomas Smartt: I agree to the second portion, that they should go on with the enquiry.

SECRET.

E. (S.C.) 4th Meeting.

103

STENOGRAPHIC NOTES OF A MEETING OF REPRESENTATIVES OF THE UNITED KINGDOM,
THE DOMINIONS AND INDIA. HELD AT THE COLONIAL OFFICE, S.W., ON FRIDAY,
JULY 15, 1921, AT 11 A.M.

Present :

The Right Hon W. S CHURCHILL, M.P., Secretary of State for the Colonies
(*in the Chair*).

The Hon. C. C. BALLANTYNE, Minister of
the Naval Service and of Marine and
Fisheries, Canada.

The Right Hon. W. M. HUGHES, K.C.,
Prime Minister of Australia.

The Right Hon. W. F. MASSEY, Prime
Minister of New Zealand.

General the Right Hon. J. C. SMUTS,
K.C., C.H., Prime Minister of the
Union of South Africa.

The Hon. Sir THOMAS SMARTT, K.C.M.G.,
Minister of Agriculture, Union of
South Africa.

Colonel the Hon. H. MENTZ, Minister of
Lands and of Defence, Union of South
Africa.

The Right Hon. E. S. MONTAGU, M.P.,
Secretary of State for India.

His Highness the MAHARAO OF CUTCH,
G.C.S.I., G.C.I.E.

The Hon. SRINIVASA-SASTRI.

The following were also present :

The Hon. E. F. L. WOOD, M.P., Parlia-
mentary Under-Secretary of State for
the Colonies.

Colonel S. H. WILSON, C.B., C.M.G.,
Principal Assistant-Secretary Com-
mittee of Imperial Defence.

Mr. L. C. CHRISTIE, Legal Adviser,
Department of External Affairs,
Canada.

Mr. J. C. WALTON, India Office.

Secretariat :

United Kingdom.

Sir HENRY LAMBERT, K.C.M.G., C.B.,
Colonial Office.

Mr. E. J. HARDING, C.M.G., Colonial
Office.

Mr. M. E. ANTROBUS, Colonial Office.

South Africa.

Mr. G. BREBNER.
Captain E. F. C. LANE, C.M.G.

India.

Mr. G. S. BAJPAI.

Position of British
Indians in the
Dominions.

The Chairman: It is a very difficult question which we have to discuss this morning, and the Imperial Conference definitely submitted it to us in the first instance in order that there should be a very informal interchange of views, so that we could see how far it is possible to smooth away difficulties, or, again, to leave points clearly defined which could be brought before the Conference. If at any time either General Smuts or the Representatives of India feel that advantage would be gained by everybody leaving the room except the Prime Ministers and Representatives of the Dominions, they have only to say so, because we must really be able to talk frankly, and although a record will be made, it can all be destroyed or suspended at any moment when it is desired to talk quite plainly. We are up against practical difficulties, and it is no use making speeches about them; we must just face the practical difficulties and see what can be done.

Mr. Sastri made a statement on behalf of India at the Imperial Conference, and I think we may take that as the starting point. Therefore I suggest, if it is agreeable to General Smuts, that he should say a few words as to how South Africa stands. I am holding, as it were, a watching brief in this matter, because we have a similar problem in East Africa—not quite similar, but on a similar line—and I need scarcely say that any steps that it is desirable for the Dominions to take we must also take ourselves at the very least.

General Smuts: Let me say this, that I listened to the statement of Mr. Sastri and of the Maharao of Cutch with the greatest interest. South Africa has always had the greatest interest in this question, and, as everybody knows, it has been one of our thorny political questions.

Situation in Natal.

I need not go into the ancient history of this question. Its first phase in the interior, in the Transvaal, was that of an immigration question, and it continued to have that phase until quite recently, when the immigration aspect was finally settled and the question narrowed itself down to one of the fair and just treatment of the Indian residents in the Transvaal. In the Free State the question never arose, because at the very inception, far back in history, the door was shut, and practically no Indians are found in the Free State. In Natal alone of the States and Colonies of South Africa a different policy was pursued. There, for the purpose of working sugar plantations, indentured Indians were imported into the country, and this went on until quite recently, when it stopped in 1909 or 1910, and the result to-day is that in Natal the Indian population outnumbers the white population. The recent census figures show that the Asiatic population of South Africa is about 163,000, of which a couple of thousand would be Asiatics and the others Indians; at least 160,000 would be Indians. The majority of those live in Natal, and Natal is therefore in the extraordinary position that the Indian population there outnumbers the white.

As regards the later phases of this problem, as I say, I concern myself with the treatment of the Indians resident in South Africa, the immigration question having been got over.

The Chairman: By their being stopped altogether?

General Smuts: By their being stopped. Over the form of stopping them we had a great deal of trouble. The leaders of the Indian population in South Africa insisted that there should be no differentiation against them on the Statute Book of the country. They did not want to see India mentioned; they did not want anything on our Statute Book or in our regulations which would appear to be a stigma on the Indians, or would differentiate against them, and we finally, after a great deal of consideration and negotiation, found a formula, a general form of words which did not mention Indians or Asiatics in particular, but which had the effect of placing it in our power to stop further immigration on any appreciable scale.

That question having been settled, we then turned our attention to the internal situation, and finally an agreement was reached by Mr. Gandhi and myself over this question just before the war, in 1914, and the agreement on the whole has been kept. During the course of the war, in 1918, a resolution was passed through the Union Parliament which seemed to reopen the matter. It was with regard to the question of land-holding, I believe. It arose in connection with the old Transvaal law which forbade Asiatics holding land. This matter was brought up in the South African Parliament during the war and it had the effect of officially reopening the matter. The result was that when I went back to South Africa after the war the Government found it convenient to appoint a Commission of Enquiry to go

Commission of
Enquiry in 1919.

into the matter again. We asked for the Indian Government to be associated in the matter, because they have always taken a good deal of interest in it, and on many occasions they have really proved helpful in the attitude that they have adopted. They sent out Sir Benjamin Robertson, who is very conversant with the whole question. It was also expected that Mr. Sastri himself would come out, but at the last moment Mr. Sastri did not come; and the Commission then proceeded with its labours, assisted by Sir Benjamin Robertson and Mr. Corbett, who represented the commercial side of the Indian Government. That Commission has made certain recommendations. So far no action has been taken on those recommendations. Mr. Sastri has pointed out in the statement which he made at the Imperial Cabinet that some of the recommendations of this Commission seem once more to infringe the existing rights of Indians. However, no action has been taken so far on the recommendations and the South African Government propose to proceed slowly in dealing with the whole matter, which is a thorny one politically—thorny in its external aspects as affecting India, and very thorny also in its internal aspects concerning South African politics.

The Chairman: No Indians have votes in Natal, have they?

General Smuts: There may be a few, but generally speaking Indians do not have votes. The question which is raised in this Memorandum (E 13) by the Government of India raises an issue which so far has been left alone in South Africa. Neither Mr. Gandhi, in all the various negotiations which we have had with him, nor the Indian Representatives in South Africa, at any conference or discussion that I can remember, have ever raised this large issue of equality for all British Indians resident in the Union. It has not been raised because the people who are conversant with this problem in South Africa know how very thorny it is, and how easy it is to work any amount of mischief by raising this issue. I do not want to take up much of your time.

The Chairman: Please do not limit yourself in dealing with this.

General Smuts: I do not want to take up much time, but I want to explain what the position in South Africa is, so that the Committee may understand what the point of departure in all these discussions is.

Whatever be the position in the British Empire as a whole, in South Africa we are not based on a system of political equality. The whole basis of our political system in South Africa rests on inequality and on recognising fundamental differences which exist in the structure of our population. We started as a small white colony in a black continent. In the Union the vast majority of our citizens are black, probably the majority of them are in a semi-barbarous state still, and we have never in our laws recognised any system of equality. Take the electoral system, for instance. In the interior the franchise is confined to Europeans, and no franchise qualification is required as manhood suffrage prevails. In the Cape there is a very low qualification, and in Natal there is, I believe, even a lower qualification. In the interior it is manhood suffrage. The Europeans are dealt with on a basis entirely apart from the rest of the population, and if a system of equality were applied to us the structure of our system would be gone.

*Political systems
in South Africa.*

The Chairman: Shall I be interrupting you if I ask you just to comment on Rhodes's words, "Equal rights for all civilised men"?

General Smuts: So far we have done nothing to approximate to that standpoint. The question was canvassed and discussed very fully in the National Convention at the time when the Union of South Africa was made, and we found the difficulties so great and insuperable that we simply abided by the old system of differentiation. Really, so far, no progress has been made; we deal with the whites on a basis different from that on which we deal with the coloured people, and they are under a different system. That is the colour position in South Africa, that the whites from the point of view of political rights are treated as a community in a certain class apart. They are in a minority; they have entrenched themselves as a minority, and no Government in South Africa, in my opinion, would have the power to get out of that position. It is the bedrock of our constitution. In course of time, no doubt, there will be an amelioration in this or that respect, but that is the fundamental position from which we start. That is the colour question.

The Indian question with us is an entirely subordinate question. The Indian community, as I say, is comparatively small, but you cannot deal with the Indians apart from the whole position in South Africa; you could not give political rights

*The Indian
question.*

to the Indians which you deny to the rest of your coloured citizens in South Africa. If you touch the Indian position you must go the whole length, and that is what raises the whole problem in its most acute form.

The resolution here before us asks for equality, for treating the British Indians who are in South Africa on the same basis as the Europeans, merging them in the general body of citizens and denying them no rights which the others have, but removing the disabilities under which they are at present placed. That means going the whole hog, so to speak, and giving the full political franchise. In the first place, if you attempted to do that you would be doing the British Indian in South Africa no service at all. You could never carry it; you would have a revolution in South Africa; politically it is entirely out of the question, and the harm you would do by raising this issue would be to antagonise the white community to such an extent that you would be prejudicing the position of the Indians, who on the whole, apart from political rights, are in a very flourishing position in South Africa. Our Indian fellow citizens are I think economically and otherwise among the most flourishing communities in South Africa, and although they have sometimes to complain of disabilities in this or that respect, yet on the whole materially I do not think they have much to complain of. It is the ideal position that is difficult, and if the ideal position were pressed, and the question of their equal political rights raised, a situation which is going to effect them detrimentally would be created. That is, I think, one reason why neither Mr Gandhi, when he was in South Africa, nor any other Indian leader in South Africa, has raised this contention knowing that it is untenable. The raising of it can only have the result of affecting detrimentally the position of the Indians in South Africa. It is on that ground that I deprecate very strongly this form of resolution which we find before us. I could never agree to it. I do not think that any South African Government that wanted to last a fortnight could agree to it. It could not be acceded to. It never could be carried through the South African Parliament, and in those circumstances I think we would be doing more harm than good by pressing for this resolution. In fact, I look upon it as academic in this form.

With regard to the natives, we are exploring another line of ideas in South Africa; we are trying to build up a native system of itself, apart from the white system, and last year we passed through the Union Parliament an Act which in the end will lead to a very large measure of self-government for the large native communities in South Africa. They will have their own Elective Council on which there will be no whites; they will manage their own affairs in all matters of local government, education, public health, agriculture, roads and all such things. That is the system we have started with regard to the natives, and in the end, as they become politically educated and acquire administrative experience, you will have a parallel system built up in South Africa. We will not try to mix what cannot be mixed, but we will try to let them develop along their own lines, and give them institutions fitted to their character.

The Chairman: Is it a kind of tribal system that you are working on with regard to the Zulu?

General Smuts: We will give representative institutions to a community like the Zulus, the Basutos, and similar large areas. They would have their own elected representatives, they would meet in their Councils, they would make their own laws, and they would govern themselves. That is the system which we have started, a parallel system. How far a similar system might be applied to the Indian communities in South Africa I do not know; that is a matter which requires investigation and exploration. The Indians are the traders, and they are so mixed up with the whites that it would be much more difficult to apply a system like this to Indian interests in South Africa.

It is difficult to understand how you are going to deal with the Indian questions in political matters, and no doubt the matter will require a great deal of thought and investigation, which we are prepared to give it, but I am convinced that the solution which is proposed here in this resolution is entirely unworkable, and could not be brought into force at all, and the attempt to do so would do more mischief and more harm to the Indian community itself than I think the case justifies.

Mr. Montagu: May I say one word in answer?

I want General Smuts to assume that we recognise to the full the difficulties of his position, and the extraordinary difficulties of this case; but I hope that he will forgive me if I say that I have to conclude from the statement

that he has just made that, at the moment, at any rate, so far as we have gone, he has no contribution to offer which will help us in our extreme difficulty. It is quite true that when this problem first arose it was a problem of immigration, and we always had reason to understand that if that were solved the problem of the population of South Africa as it was would be much easier of settlement. Therefore we thought that the representatives of India at the first Imperial Conference at which they were fully represented had assented to a compromise which would lead to a solution of this question. Lord Sinha agreed to a formula which admitted (as it was not difficult to admit) the right of every part of the Empire to determine its own population; and, as we have quoted in our memorandum, it was General Smuts who said: "I feel sure, and I have always felt sure, that once the white community in South Africa were rid of the fear that they were going to be flooded by unlimited immigration from India, all the other questions would be very subsidiary, and would become easily and promptly solvable."

Position of British
Indians in the
Dominions.

General Smuts: The question of franchise never having been raised at all.

Mr. Montagu: I am coming to that, and I will deal with it. Lord Sinha went back from the Imperial Conference of 1917 as a consequence of the adoption of that resolution with very high hopes, which were strengthened by words which I have before me spoken on behalf of the Dominion of South Africa by Mr. Burton. Now what do we find? We find that so far from the situation with regard to Indians in South Africa being improved it is worse since the war, and not only is it worse since the war, but we find that owing to the recommendations of this Committee, which have been published, much to the apprehension of India, it threatens to be worse still. We have no security that by being patient and leaving things to the well-known and trusted Imperialism of the present Government of South Africa things are going to improve; in fact, they are getting worse.

Indian position
deteriorating.

We have to call General Smuts's attention to the fact that to-day, while we are discussing this matter, Natal has moved. Although the Indians have no parliamentary franchise in South Africa, they have enjoyed up to now a municipal franchise in Natal; but now an ordinance is awaiting the assent of the Governor-General depriving Indians in the future, so far as we can read it, depriving people who are enfranchised at the moment even of the municipal franchise. Therefore, when we bring forward this resolution which we are now discussing, we say that the position of Indians in South Africa is getting worse, and is threatened with worse things still, and therefore it is extraordinarily difficult to hope for better things merely by the exercise of patience when we find that these landowning and franchise disabilities are occurring in South Africa. Is it not apparent that anybody would move in similar circumstances and that Indians should have some franchise? The franchise has been proved in all countries to be the key to the maintenance of the rights of any section of the population. If they are enfranchised, those who represent them, those who seek their votes, cannot ignore their interest, their rights and their wishes: it would be a parliamentarily impossible thing. It is quite true that this is a new demand, but it is based, I would submit, on two general grounds—not in a debating spirit—on two facts: first on the tendency of the position of Indians in the Dominion of South Africa to worsen, and secondly on the recognition, which we gratefully acknowledge, of the whole Empire of the new position which India is taking in our deliberations and in our Commonwealth.

Mr. Gandhi did not raise it in the old days, the Indians' subordinate position in India itself had not been abandoned: but after the 1917 Conference, after the admission to Dominion status which has been given by His Majesty the King through his own lips to India, after India's share in the war, after India's participation in the Peace Conference, we all thought that there would be a reopening of the question, not to India's disadvantage, but certainly and substantially to India's benefit. Then when we find that we can get no remedy by any other means, when we seek to submit an appeal to South Africa that we should have the door unlocked by what seems to be the only method, the granting of the franchise, General Smuts says he cannot deal with the Indian question without dealing with the question of the indigenous natives of South Africa. I think General Smuts will understand that I do not wish to presume to interfere in South African politics; our one desire is only to make a prayer to our colleagues in this Conference, each of whom has control of the affairs of his own Dominion. As we see it, the difficulty in the attitude of South Africa is that there is a black proletariat, into which two sets of settlers have come—the Indian settler and the European settler. The Indian settler has come at the invitation of the European settler, to assist him to help the people of the

Position of British
Indians in the
Dominions.

country. The South African says, Indians and natives must be dealt with together. What we ask is that India, which has been taken into partnership with the British Empire, shall be dealt with with the Europeans.

General Smuts himself, in what he has just said to us, has told us of his proposal, to which I listened with the greatest of interest, to go cautiously and warily to a situation in which natives are to be granted the franchise of their own kind and have their own Parliament for the management of their own affairs. He throws out a suggestion that perhaps some similar solution can be expected for India. But then he goes on himself to say how difficult that is, because while he urges us not to try and mix what cannot be mixed, by which I understand he means the native of South Africa and the European settler, he says that the Indians are so intermixed already with the European population that it is extremely difficult to see how the proposal that he makes for the natives could also be applied to the Indians. What is the logical consequence of what General Smuts has told us? First that he can offer no suggestion as to the way to get over the economic disabilities, which are getting worse. I do not deal now with the terrible prospect if the laws of South Africa are to be applied to the mandated territory of German South-West Africa.

The Chairman: Are there any Indians there?

Mr. Montagu: No.

General Smuts: Not at present, or at any rate I think very few.

The Chairman: Why is it so very terrible?

Position in South
West Africa.

Mr. Montagu: There are some, and it is very, very terrible from the point of view that this question is so much a matter of sentiment with Indians, and that there is a tremendous national and racial prejudice with which we have to deal. They claim continuously there equality with Europeans. It is a ridiculous claim. They are not the equals with Europeans. Some of them are superior to some Europeans, some of them are inferior to some Europeans. You cannot compare one race with the other, any more than you can take the English and the French and say one is equal to the other. To compare an Indian with Constantine of Greece would be an insult to the whole Indian race and to all races. Therefore questions of equality differ. But it is a comparable thing to show that while the Indians in German South-West Africa, who were subject to your enemies and our enemies, were under no disability; now, under the mandate under which that country is controlled by part of the British Empire, their position is worsening before their eyes, notwithstanding their share in the war, notwithstanding that some of the armies that General Smuts himself commanded in East Africa were largely Indian. On that question General Smuts says: "Your resolution is impossible, it will make things worse; we have never proceeded on equality, we cannot proceed on equality now; your resolution in its present form is no good." He therefore asks us, unless further discussion can show something better, to go out of this Conference back to India and to say that, so far as the Imperial Conference is concerned, there is no hope as regards the great question of South Africa. "Time may settle it, but we cannot get a promise of recognition even in the dim and distant future. You have to be patient; you see the efforts which are being made on your behalf, you see how things are gradually improving. Have patience, and something will happen." We are to do that with absolutely no contribution from South Africa. I do appeal to General Smuts. The difficulties, as I say, are enormous, but I hope we will not make matters worse by asking for a recognition of the principle which seems to me to be indissoluble from the position of Dominion status. I beg that we may be given something, some suggestion, some solution, some promise that things are not going to get worse, and some promise that things are going to get better. So far as General Smuts went this morning, I must say I am very disappointed.

Mr. Hughes: Before Mr Sastri speaks, what is the resolution?

(The resolution was handed to Mr. Hughes.)

Mr. Sastri: I realise the extraordinary difficulty with which this question is surrounded, and I am extremely anxious that no words that I shall say now should add to the difficulty of this problem; but the speech of General Smuts does demand that I should say a few words.

I will first of all dismiss the personal question to which he has made a wholly unexpected reference. General Smuts said that for some reasons of my own I did not come to South Africa. I thought the reasons for my not coming were very well known to him, but apparently he has forgotten, and it seems necessary that I should say just one word about it. When I was asked to go to South Africa I had an intimation from the South African Government through the Government of India that I should regard myself as subordinate and inferior to Sir Benjamin Robertson, who was the other deputy of the Government of India. I protested, with the result that a few smooth words were afterwards said by the South African Government, but they said in the end that my considering myself as equal to Sir Benjamin Robertson would make it very difficult for them, that is to say, the South African Government, to extend to Sir Benjamin Robertson the courtesies and the hospitalities to which, as a Representative of the Government of India, he would be entitled. Now that gave me a broad hint that I could not enjoy those hospitalities and courtesies, and that in consequence of my being there Sir Benjamin would be deprived of them. That threw on me a tremendous responsibility, and I thought that at the beginning of my journey I should not give away by my own action and by my own admission the claim to equality which on behalf of India, I was going to make at the other end of the journey. That I thought was sufficiently well known to General Smuts. That was the simple reason for my not going, and not any inconvenience, it was certainly not for reasons of my own, but for reasons entirely public, conceived in the interests of India.

**Position of British
Indians in the
Dominions.**

*Reasons for not
accompanying
Commission to
South Africa.*

General Smuts said that the only difficulty now is the recommendation of the recent Commission in South Africa, which has approved certain recommendations which have not been acted upon; but that is not quite so, so far as I can see. In the year 1919 the Government of South Africa passed a law by which, as I pointed out in my original speech, Indians in the Transvaal have been deprived of the only means they had theretofore enjoyed of acquiring property and owning land. That, therefore, is an element of difficulty added to the position of Indians even before this recent Commission sat.

*South African law
of 1919.*

But I am much more concerned with another thing that General Smuts said—that this is a new issue that we raise. Some years ago they had other and more pressing difficulties to deal with, and thought that if they got them out of the way in process of time the way would be made smooth for this question to be raised; but that does not mean that we are precluded from raising the question.

The reason why we raise it at this moment I thought I made sufficiently clear. I thought I said that the situation in India had risen to the dimensions of an Empire question, and that General Smuts and I, and everyone interested, not merely in India or South Africa, but in the Empire, had to address ourselves to this momentous problem of how to keep that large Continent a contented and willing partner in the Empire. General Smuts has made no reference whatever to that aspect of the question, although I thought in my statement that that particular feature of the problem occupied a most prominent place; nor has he referred to the recognition I made in my speech of the difficulty of an immediate solution being found. I said it was not possible for General Smuts to grant what we asked for in that resolution. The resolution asks for a recognition of the principle, but it does not mean that the franchise should be given to-morrow. The franchise cannot be given to-morrow, and it is not in the power of General Smuts to give it, and we do not ask it. He has to go and ask his electorate, and that is why I suggest that you should recognise the principle that at the end of a series of years this franchise has got to be given. If citizenship must be accorded to our people, why do you not go slowly? We offered as an Indian Delegation to come to South Africa, to Canada, to Australia, and to all the other places, and to talk to your people before you take the first step. I think that is a proposition which was entitled to some recognition. I do not ask for it to-morrow; to-morrow it cannot come; and I know if General Smuts went out of office, if by any foolish action we induced him to surrender office, the consequences would be worse for our community, and I do not want the position of our community to become worse instead of better. But I do expect that General Smuts and his colleagues here will recognise that we are not talking idle words when we bring to their notice the position of extraordinary danger in India. Things have moved very fast. What Mr. Gandhi said ten years ago or twelve years ago is nothing to the point. Things are different. As the Secretary of State has pointed out, many things have happened, and India has been stirred up now as she never was.

*Improved status
of India in the
Empire makes
question of status
of Indians in
Empire more
important.*

There is another point which I must make: In what General Smuts said to-day he has shut the door of hope altogether. He did not tell us: "This is a thing that

Position of British
Indians in the
Dominions.

must come some day; we are all working for it; but at the present moment it seems an impossibility; do not press me here;" he did not say that. I looked for some such word of hope from him. but he puts a firm *non possumus*. He says: "No, this South African Union of ours is based on the principle of inequality; equality does not exist in our system." I must say, Mr. Chairman, that that statement brings glaringly before us the position of enormous danger to the Empire, and to the principles on which this Empire is built. India cannot be told, either directly or indirectly, that she is never to be the equal of any white community. You cannot tell her that and hope for peace for another week. It is a wonder to me that General Smuts permits himself to say: "We are based on the principle of inequality; equality is never thought of."

General Smuts: That is a misrepresentation.

Mr. Sastri: He said: "The whites are entrenched as a privileged political community."

General Smuts: I was not arguing the position as between India and South Africa. No man has done more in this Conference to help India to her position as a Dominion than I have done.

Mr. Montagu: Hear, hear.

Mr. Sastri: I realise that, but I am talking now about South Africa; I am not talking of the Empire. You were willing, I know, to meet us in a fellowship and brotherhood in order that India should be recognised as a Dominion by itself, but what you say at the same time to the Indian settler is: "In our Dominion we cannot afford to give you equality. That never was thought of; it cannot be thought of." That is the statement to which I am taking exception. That you are willing that we should rise to Dominion status, I grant; that you have done so in the past, I grant; that you are prepared to quicken our pace so far as you can, I also grant, and I feel profoundly grateful, but it is not enough. We have 100,000 of our people living amongst you. They have not gone there voluntarily; they have gone there in order to help in the development of the Union. When you have taken them to your bosom, regard them as brothers; regard them as equals. Do not say: "Until the problem of the other blacks in the community that happen to dwell in South Africa is settled, your problem is also unsettled." That seems to me to say, practically: "We will not think of you as an equal." Really, India cannot submit to this position. I cannot go back and tell my people: "No, equality is all right so long as we remain within our own country, but equality when we go to the Union of South Africa we cannot expect." That is a statement which, if made to the people of India, will cause a difficulty at least as great as the difficulty which General Smuts anticipates if he speaks of equality to his people. It will probably create greater difficulty. I am perfectly willing to grant, and I granted it before, that it is impossible for you to carry out the resolution. I do not wish that resolution to be carried out, but I wish it to be understood that we have the assent of General Smuts and his colleagues to the particular proposition that the ideal to be aimed at, and the policy to be taken, is that of granting equality to the Indians. How soon to do it, how late to do it, is a subordinate question. I am not hopeful that it can be accomplished in a day or a year; it will take time, and we are perfectly willing that you should prepare for that work. We will come and assist you. Come to India and see us. It is mutual understanding and mutual knowledge that will help both of us to solve this problem.

Presses for
recognition of
principle of
equality.

The Chairman: Do you desire to say anything at this stage, Maharao?

Numbers of
Indians in South
Africa.

His Highness the Maharao of Cutch: I do not think I have very much to add to what Mr. Montagu and Mr. Sastri have said, but I should like to ask one or two questions of General Smuts. First, what is the white population of the area in which the Indian population is about 160,000?

General Smuts: I do not know, but it is less than that. I estimate that in Natal the Indian population would be about 130,000 or 140,000, and the white population would be somewhat less than that, say 120,000; but I have not the exact figures.

The Chairman: The Maharao meant for the whole area.

General Smuts: One and a-half millions in the Union.

His Highness the Maharao of Cutch: You have one Parliament, have you not?

General Smuts: Yes.

His Highness the Maharao of Cutch: For the Union you have one Parliament and one franchise, have you not?

Position of British
Indians in the
Dominions.

General Smuts: Not one franchise. We have one Parliament in the Union, but we are still keeping up the old franchise laws of the Colonies before the Union; that is to say, at the Cape you have a small qualification, and in Natal I believe there is a still smaller qualification.

His Highness the Maharao of Cutch: The white population of Natal you say is about 120,000?

General Smuts: I have not the figures before me, but I should say it is about that.

His Highness the Maharao of Cutch: And in the whole area it is 1½ millions?

General Smuts: Yes.

His Highness the Maharao of Cutch: Therefore there can be no question of the Indians swamping them?

General Smuts: No. You have about 160,000 or 170,000 as compared with 1½ millions.

His Highness the Maharao of Cutch: So it would not be a question of swamping them?

General Smuts: No.

His Highness the Maharao of Cutch: There is another point. You are not only representing South Africa, but you in your position as a member of this Conference have to take a whole Empire view of the question?

General Smuts: Certainly.

His Highness the Maharao of Cutch: So I would ask you: Let us put aside for a moment the question of South Africa altogether, and assume that South Africa does not come in at all. If you were asked to give your opinion in principle on the question before us with reference to other parts of the Empire, what would you say?

The principle of
equality.

General Smuts: The point is to find a solution which is possible. It is no use exploring a road which I am convinced will lead us nowhere but to a dead end. Equality in the form in which we use the term now will, I am afraid, lead us absolutely nowhere, and that was practically recognised at a previous Conference, when, I believe, Lord Sinha and the other representatives of India themselves came forward with an alternative solution, and that was equality of reciprocity. You can apply the principle of equality in that sense, equality of reciprocity, but not, I think, equality *simpliciter*.

The Chairman: What do you mean by equality of reciprocity—that they should treat South Africans in India as you treat Indians in South Africa?

General Smuts: Yes, you might apply equality in that form.

His Highness the Maharao of Cutch: I am saying let us put South Africa out of the question, and consider the bigger question in its relation to other parts of the Dominions and Colonies. What would be your opinion in principle?

General Smuts: Even then it does not apply, nor has it applied. For instance, you have immigration laws in other Dominions which practically have the effect of keeping out immigrants from India, but not immigrants from, say, the other Dominions of the British Empire, so the thing does not work. You must not try to adopt and force a solution that cannot work and will not work and simply leads to a breaking point. I as a practical man say certain things can be done in South Africa, and certain things cannot be done. For me to agree, as Mr. Sastri suggests I should, to a vague general principle when I know that principle cannot be applied in Africa, or when I see no possibility of applying it, and am sure that neither I nor any alternative Government could apply it to South Africa, would be foolish.

Mr. Hughes: I should like to say one or two words. Perhaps it will be helpful if I explain the present legal position of Indians in Australia, which I have ascertained from my colleague the Solicitor-General. The position is set out at some length

Status of Indians
in Australia.

Position of British
Indians in the
Dominions.

in a paper that I hope has been circulated, but if not it is available. Shortly stated, it is as follows. A native of India under the Constitution, Sections 16 and 34, cannot be an elector for the Senate of the House of Representatives unless he is entitled under the law of the State to vote at elections for the more numerous House of Parliament of the State. That is provided by Section 3 of the Commonwealth Franchise Act, 1902, and Constitution, Section 41.

General Smuts: What is that paper from which you are reading?

Mr. Hughes: I am quoting from a paper issued by our own Department. In the State of New South Wales an alien cannot be an elector under the Parliamentary Electorates and Election Act, 1912, Section 20 (1). In Victoria an alien cannot be an elector or member of the Legislative Council or Legislative Assembly, but by an amending Act of 1915 no male adult native of China or its dependency or of any islands in the Chinese seas not born of British parents and no person born of Chinese parents unless a British subject may vote at a Parliamentary Election. In Queensland aliens as well as naturalised Asiatics and Africans are disqualified for membership of the Legislative Council and from voting at elections for the Assembly. In South Australia they must be British subjects.

Mr. Sastri: Your definition of "British subject" will include us, will it not?

Mr. Hughes: Certainly. This is a division of all persons really, but particularly Asiatics, into two classes, British subjects and non-British subjects. In Western Australia electors and members of the Legislative Council and Legislative Assembly must be British subjects. No aboriginal native of Australia, Asia or Africa, or any person of the half-blood, may be registered as an elector for the Council except in respect of freehold qualification, or for the Assembly. That is a property qualification. In Tasmania an alien cannot be an elector, otherwise there is no bar.

I want to point out that we are only responsible in so far as the Commonwealth legislation is concerned: we have no other authority whatever, that is to say, my Parliament has no authority to deal with the franchise of the State, nor, of course, with that of the municipalities. In none of the States may an alien vote, but in most of them a naturalised subject, irrespective of his race, may vote. There is in some a property qualification, which they must possess. There are some restrictions of aliens with regard to employment in public service, and the possession of land in the matter of Crown leases, but not in the case of land otherwise acquired. The right to possess freehold estate acquired from a private individual is not in question. Shortly put, the position in Australia, then, is that there are seven Legislatures, of which six are State and one Federal, which, of course, embrace the whole of the adult population of the six States and the Territories, and Indians, subject to the restrictions I have set out, which are covered by the Constitution and the Commonwealth Franchise Act, may vote both for the State and for the Commonwealth Legislatures.

Mr. Sastri has put the position from the point of view of India with considerable force, and, as Mr. Montagu has pointed out, the status of Indians creates a situation which is full of menace to the Empire. We ought not to offer here a shadow of these very substantial rights and privileges that we accord without question to citizens of other parts of the Empire; at any rate, we ought not to do so without sufficient cause, if we do so it is perfectly clear that those who are thus excluded from rights which are given quite freely to others have *prima facie* a right to complain.

As I understand the position in South Africa, it is *sui generis*. It certainly cannot be supported from the standpoint of justice; it cannot be supported by those who speak of the rights of all to enjoy equality of civic rights, and I cannot for the life of me see how it is compatible with our frequent declarations of the principles which govern this Empire. No doubt it was a very great mistake, in the light of what happened, to permit this influx of Indians in South Africa, but the Indians are not responsible for that.

The Chairman: Do you discriminate in your thought between the Indian immigrant and the aboriginal native of South Africa?

Mr. Hughes: Certainly. You have to remember that the proper division of mankind is not a question of colour, but really of mental capacity, and, if you like, culture (although no attempt is made, so far as I can ascertain, to apply that test amongst ourselves, otherwise it is very likely that the rolls would be purged very

considerably and be less formidable in bulk than they are now) I do not discriminate in colour, but when I take up the line that it is undesirable to allow, and that we cannot allow, Asiatics to enter Australia, it is not because we regard them as inferior intellectually or in any other way; indeed, frequently for the very opposite reason. What is there then at the back of our disinclination, our rooted determination not to allow Asiatics to enter? Apart from racial considerations it is the fear of economic competition. But those who are inside Australia are surely entitled to be treated with due regard to those principles upon which not merely the British Empire, but upon which civilisation, rests. You cannot have a helot population: you cannot have some bond and some free

Position of British
Indians in the
Dominions.

The Chairman: But you were drawing a great distinction between the Zulu population of South Africa and the whites

Mr. Hughes: Yes, but I draw such a distinction, of course, as I draw it between the aborigines of Australia and the others. Surely, if we are driven back on to the rock of justice, and are asked: "By what right do you deny them your country——"

Aborigines in
Australia.

The Chairman: You mean the original inhabitants of the country?

Mr. Hughes: Yes. "By what right of God or man do you seek to preclude those people from participating in the government of their own country and having a voice in the laws to which they are subject?" You must seek some other reason and some other support.

The Chairman: How do you answer it?

Mr. Hughes: I answer it by saying of the aborigines of Australia that their mentality and their conception of civilisation are such that it would be prejudicial, if not fatal, to the community to include them. Our policy springs from the instincts of self-preservation. But we do not draw the distinction that South Africa does. Chinese are on our rolls, Indians are on our rolls, and I have myself sat for a number of years for an electorate where quite a number of Chinese were enrolled as electors. They were, for the greater part, British subjects originally.

Putting aside this phase of the question you come to another which seems to me to be less defensible, and to lay us open to still more grave criticism. South Africa excludes even those who are born in the country from participation in the Government of the country they live in and the only country they have ever known. This is very serious, surely. If I were asked to defend such a policy I do not know how I should do so. General Smuts has put forward the difficulties that stand in the way of the enfranchisement of all or any of the Indians in Natal, and while the position in my own country is not quite the same, I understand very well, or I think I do, exactly what his position is. Mr. Sastri said: "What we want is recognition of the principle: do not send us back without it. If it is a question of time, if you say the thing will work out though there are difficulties and at the moment it may be impossible, do not send us back having slammed the door on all hope. Let us see, even though it be through the tiniest crevice, a gleam of light, of hope, of promise of a new dawn" That is, in effect, what Mr. Sastri said. I am bound to say I have no answer to his plea: I am in favour of recognising the principle even if we cannot give effect to it.

Recommends
recognition of
principle of
equality.

I know it is a thorny subject and it is the first step that counts, but still, just as we have to consider what is the effect of a discontented Ireland, for which Britain alone is responsible, upon Australia, so we have to see what is the effect of this not only upon South Africa, but upon India and upon the whole Empire. The effect of a discontented Ireland on Australia is very serious, incomparably more serious in Australia than it is here; yet we have no right to say one word or to suggest anything, because it clearly falls within the prohibited area of domestic politics. General Smuts said the other night that the present position in Ireland was a stain upon the Empire. I do not agree with that view, but those were his own words. Now, may it not fairly be said that the policy of the Union of South Africa towards its Indian population falls within the same category? It is true, we cannot do anything here, but no one can deny that as a matter of principle it is right that the Irish should have the right to govern themselves. We ought, of course, to see to it that in conceding that right we do not destroy ourselves and so submerge or destroy those rights which we enjoy and to which we have a right no less than they. To that no one can take exception, or, at any rate, no fair and just man; and in this matter of the status of Indians in South Africa we must have regard to the like principle.

So I say that, it seems to me that General Smuts might very well meet Mr. Sastri and the Maharao of Cutch in some way which would enable them to go back bearing a message of hope to their people; and I venture to suggest a form of words by which this can be done. If you look at the Resolution and read on until you come down to the words "Imperial Cabinet" in line 7, then strike out the word "Cabinet" and put in the word "Conference," because I object to the word "Cabinet" in this connection—you could say this. I want General Smuts to follow me if he will. I make this suggestion with a full realisation of the very great difficulties which confront him and indeed all of us: "The Imperial Conference accordingly is of the opinion that in the interests of the solidarity of the British Commonwealth it is desirable that as a matter of principle the right of citizenship by such Indians should be recognised." That, of course, does not go so far as Mr. Sastri would have us go, but it at least does not slam the door of hope in the face of India.

I should now like to say a word to Mr. Sastri and the Maharao. They have their difficulties, but we, too, have ours. The difficulties that confront us both are very real. They are not difficulties arising out of words, but of things and circumstances which words will not affect. To pass the Resolution in its present form would be to commit General Smuts to a policy which not only would be embarrassing to him, but to which he could not give effect. It is wider than Mr. Sastri in his speech said he desired. He spoke of the principle, and he admitted the difficulties in the way of giving effect to that principle. If we pass the Resolution in the form in which it is set down by the India Office, we shall be confronted by our critics with a form of words in which there are no reservations, but which must be taken to be a prelude to action and that action is to be immediate. Now, when Baron Makino and Viscount Chinda were desirous during the peace negotiations to have included in the Peace Treaty a clause recognising or embodying recognition of the principle of racial equality, they said to me that it was merely the recognition of the principle they wanted; my reply was that if they would state this in so many words, if they would say that it was not intended to apply to immigration, I would agree to it. But they would not agree. For that reason, of course, it was impossible for me to accept their proposal.

Mr. Montagu this morning has set out the circumstances under which this matter came up. Lord Sinha had accepted the position so far as it affected immigration, and he said: "Very well, we concede to each Dominion the right to determine who shall come in and who shall not come in." The question, therefore, of immigration is no longer one that we need consider. The position, however, of those who are already in the country is a very different one, and it is that point that we want to settle one way or the other, and if you do not do something now, certainly the position of our friends in India will be very much worse than it need have been.

The Chairman: Did you hear General Smuts's statement that the white population of Natal is inferior in numbers to the Indian immigrants?

Mr. Hughes: No, I did not.

The Chairman: That makes it serious from that point of view.

Mr. Hughes: But all my amendment asks for is the recognition of the principle. I quite see the position of General Smuts, but General Smuts must also see Mr. Sastri's position. Would it not be better if we faced this position fairly? How can you speak with a forked tongue and say to India: "We welcome you amongst the family of nations; we say to you, Come in and sit with us on our right hand; take your place around the Imperial Council table on the footing of perfect equality" and then deny to them common justice? Surely that is to bring fuel to a flame that wants no fanning. If I were Gandhi and this were done, what other thing could I wish. "Those whom the Gods wish to destroy they first make mad." Arm Gandhi with this; recall to yourself how Mr. Sastri said that Andrews has told the discontented that there is no hope for them within the British Empire. Are we not saying that Mr. Gandhi is right if we refuse to concede anything?

There is the position as I see it, and I believe in facing a position. Frankly. I would rather say to India: "Well, go your own way; we advise you to stay in the Empire, but go your own way."

Mr. Montagu: They would not have much chance in South Africa outside the British Empire.

Mr. Hughes: I do not say South Africa.

Mr. Montagu: I see what you mean, the Indian in South Africa.

Mr. Hughes: Yes, and this is the larger question. This is only a straw on the stream, but it will surely show to the people of India who are too much inclined to listen to those who most certainly will lead them into a morass and destroy them. It will give to those agitators, those wild and evil councillors, opportunities of which the adoption of such a resolution as I suggest will rob them.

However, I want to say this in conclusion, that this is not a question which affects Australia so vitally as it does South Africa, and I feel I should do wrong to insist or to urge too strongly a course to which my colleagues in South Africa are opposed; but I thought that I was entitled to speak to them, as one whose attitude on this, which should be termed the Asiatic question, is one which has never been in doubt. There I leave it. I think that if General Smuts were to look at the amendment which I have suggested, even if he cannot adopt it in its present form, he might be able in collaboration with Mr. Sastri and the Maharao to find a form of words which would enable him to steer his way through this strait where Scylla and Charybdis are equally dangerous to him.

Mr. Massey: I have very little to say with regard to this extraordinarily difficult subject, and I realise how difficult it is, and what has been said this morning has not improved the position in the very slightest. I think a mistake is being made by South Africa. I speak with all due deference, because I am bound to admit that I do not understand the subject in its entirety, but I think a mistake has been made in closing the door absolutely. I see their difficulties; they are easy to understand. I see particularly that difficulty with regard to Natal, but when we legislate or make recommendations we are thinking not only of the present, but of the future. I may come back to that in a minute.

Mr. Hughes says he objects to the term "Cabinet", he said it must be "Conference." Then I say this, that we are either a Cabinet or we are nothing. We are either a Cabinet or nothing. I feel that we are placed in an extraordinary difficulty; what rights have we, what power have we? We can express opinions to Mr. Churchill.

Mr. Hughes: We have no power, whether you call us a Cabinet or a Conference. We are not a Cabinet.

Mr. Massey: Yes, we have as a Cabinet.

The Chairman: May I point out, with very great respect to the two Prime Ministers, that this is a subject which is quite outside the area of our discussion this morning, and I do not feel that I have the competence to proceed along that discussion, which must be renewed after you cross the road.

Mr. Massey: Yes. This amendment should not have been raised in the first instance; the amendment should not have been suggested. That is my feeling. It is either Cabinet or nothing. We are either in the Empire and have a say in the Government of the Empire or we have not, and I think that ought to be settled.

Mr. Hughes referred to that statement made by General Smuts that he thought that Ireland was a stain upon the Empire. I have not the time to speak upon that, and I am not going to do it except to say this, as one of Irish birth and one who knows Irish history, that the Irish have possessed every privilege that is possessed by the citizens of any other part of the Empire, even by the citizens of London. Nobody can show me a single privilege that they do not get too. Where the stain is I am at a loss to understand, and that is the sort of thing that creates mischief. It is a war of nations in Ireland, and that is what is causing the difficulty there; a war between two nations who have been in antagonism for 750 years. I do not want to say anything now to make the position any more difficult than it appears, otherwise I might have had a good deal to say outside this Conference before now. But I am not going to say it. I hope what is being done will bring peace. I hope it is sincere, and if it does bring peace no one will welcome it more heartily than myself; but I do object to statements being made that make the state of affairs worse than they otherwise would be. I refer anyone, who thinks that Ireland has a grievance, to statements made by John Redmond in the House of Commons for many years.

Position of British
Indians in the
Dominions.

The Chairman: I am afraid this is outside the scope of any discussion which has been entrusted to me. I am limited to what the Conference puts under my chairmanship.

Mr. Hughes: What is the position of the race of natives under your Constitution? Have they the right to vote?

Position in New
Zealand.

Mr. Mussey: Yes, and they have their own representatives in Parliament. Coming back to the real question at issue, I am sorry there has been any digression or deviation, but I cannot sit still and allow these things to be said without entering my protest. So far as we in New Zealand are concerned there is practically no Indian difficulty. We have a few Indians, though I am unable to say how many. There may be some hundreds—300, 400 or 500—but what number I am not quite certain. We have at present a very drastic immigration law which I think is going to present difficulties in the future. By the way, since I have sat down at this table, I have received a communication, or a copy of one, which has been sent by the Government of India to the Government of New Zealand pointing out that with regard to some minor details the Immigration Act of 1920 is not quite in line with what was intended in the Conference of 1918, or the Cabinet of 1918—which it was I cannot recollect at the moment. I can only say with regard to that, that if you can send me any particulars of the agreement which was entered into in 1918 on the initiative of the gentleman who is now Lord Sinha, I will take an opportunity of moving my Parliament to do away with any anomalies that exist. We have not the very slightest wish to place those Indians who are already resident in New Zealand at any disadvantage. The difficulty is an economic difficulty, that is the trouble. The great majority of the Dominion are wage-earners, workers, and they have got their leaders. I am sorry to say there are agitators amongst them who lead them to believe that it means ruin if a few Indian citizens come into the country. I do not believe it for one moment, but I dare say that the legislation of 1920 was absolutely necessary, and I believe it is working satisfactorily; and while facing any difficulties which may occur in the future, I stand by the principle absolutely. A man has a right to go into New Zealand and reside there for six months (speaking from memory) for the purpose of business, of pleasure, or of health, and at the end of six months if he wants to stay longer he applies to the Minister for Customs. That seems to me to be one of the difficulties which has cropped up, but it was not intended. If the Minister for Customs thinks that the man has conducted himself decently during the six months he has been resident there, there is no difficulty about it, and that is the intention. The most important provision in the law is this, that no one can come into New Zealand without first having communicated with the Minister for Customs telling him what he is, what he proposes to do, giving a brief idea of his record in the country to which he belongs, or the country of his domicile, and asking for his permission to become a permanent resident in New Zealand. That is the law to-day, and I do not think there is likely to be any difficulty about it. The agitation which was created was only a minor thing; it was on account of the fact that in Fiji, a neighbouring territory, to New Zealand, though it is very nearly 1,000 miles away, there were resident probably under 70,000 Indians, though I am not sure about the number and I am only making a rough guess—it may be more or less, and I think probably less than that—and there was industrial trouble there. They were mostly in the employ of the Colonial Sugar Company, producing the sugar cane at so much per ton for the company. There was a dispute about the price, and there was something in the nature of a strike—I do not know whether the operations were altogether brought to a standstill—but there was something in the way of a strike, and at once it was said, “These Indians in Fiji will presently come down in New Zealand and cause very serious economic trouble there,” and at once an agitation was got up, and they said, “Well, we must have something to prevent this,” we could not deal with the Indians by themselves, and had no intention of doing so; so the law was made universal in its effect. Exemptions may be provided by an Order in Council, and where they are necessary, I have not the very slightest doubt that the necessary provisions will be made. The regulations had not been issued prior to my leaving to come here, so I have not seen them, but according to this document they are issued now. However, our Indian friends may rest assured that no injustice will be done to the Indians resident in New Zealand to-day, and I think the law which is in operation will prevent any large number taking up their residence in New Zealand. Residence on their part might cause trouble with the industrial population. That is all we care about. We recognise the Indians as fellow citizens, and we are going to treat them as such, and I shall be very glad indeed if the Maharao and Mr. Sastri

Position in Fiji.

will do what has been suggested to them, that is to say, will come to New Zealand on their way to Fiji. I should be glad to welcome them, and see that they are received there as they deserve to be, as fellow citizens, by the community.

Position of British
Indians in the
Dominions.

Mr. Hughes asked me a question, and not an improper question on the whole, as to what we do with the Maoris, the aboriginal natives of New Zealand. We treat them just as we treat our European fellow citizens. I cannot think of any right or privilege that is possessed by a European fellow citizen that is not given to our fellow citizens of the native race.

Maoris.

The Chairman: How many are there?

Mr. Massey: Over 40,000; but it is only right to say this, that in the last quarter of a century a good deal has been done in the way of merging the two races. There are few pure Maoris left; they are becoming what we call half-caste, quarter-caste, or whatever it may be, and that movement is going on. They are intellectually and physically a very fine race, and the Maoris appeal to the European residents of New Zealand, and we treat them as equals. There is no position in New Zealand that I can think of at the moment, except the position of Governor—which is quite a different thing, the appointment being given by the Imperial Government, or by His Majesty the King, in fact—there is no position in New Zealand other than that, that I can think of, which is not open to the people of the native race. They can enter Parliament, and they have their representatives in Parliament; the franchise is exactly the same. They have four Maoris in the Parliament of New Zealand which is really one more than they are entitled to numerically, but practically no objection has been raised on that account. I have a Maori colleague in the Cabinet, a colleague who does us credit, and a man who is in every way intellectually the equal of his fellow Ministers. That, therefore, so far as our treatment of the natives is concerned, is the position. We have also a number of islands under our control, some uninhabited and some very small with a small population, but we hope that the time will come when we shall be able to treat their inhabitants in exactly the same way as we have treated the Maori citizen of New Zealand.

I mentioned half-castes just now. The law with regard to a half-caste is that, if a half-caste lives as a European he is treated as one, and if he lives as a Maori he is treated as such. The only distinction is, and it is necessary in the circumstances, as I think you will understand, that we have a Maori roll and a European roll. The people on the Maori roll vote for Maori members, and those on the European roll vote for European members. That is what makes it necessary to have an interpretation of the word "half-caste," because if the half-caste lives as a European he goes on the European roll, and if he lives as a Maori he goes on the Maori roll, but there is no other distinction that I can think of.

I do not know that there is anything else that I can usefully say, except to repeat in effect what I have said, that I hope, and I believe, that some solution will be found of this difficulty in South Africa, a solution which will be certainly more satisfactory to the representatives of India and the people of India than anything which has been suggested up to the present.

Mr. Ballantyne: I have very little to say, except that I am gratified to learn from the memorandum before me now that the position that Canada took up at the Imperial War Conferences of 1917-18 has met with the approval of the Government of India, I might further add that neither the Prime Minister nor I had any notification before coming to England that this memorandum, in such an extensive and broad way, was to be brought before the Conference.

Position in
Canada.

With regard to extending the franchise to Indians in the province of British Columbia, which is the only province in which they are located (and we have very few out there, as Mr. Sastri knows), under the terms of the British North America Act a subject of such importance as that would have to be taken up with the Provincial Government, and that we will be very glad to do.

The Chairman: Perhaps I may say a few words in summing up this discussion. I do think that there is an absolutely fundamental difference between the position of the three Dominions which are based on white proletariats and that of the South African Union. It is an enormous gulf of actual practical fact that is between them. Where you have, as in New Zealand, a small aboriginal community amounting to a twentieth part of the white population, or as in Australia, where I understand there are only 20,000 of the aboriginal natives who are in touch with civilisation out of 80,000, the others being in most inaccessible parts, or, as in Canada

Differences of the
situation in the
various
Dominions.

Position of British
Indians in the
Dominions.

Mr. Hughes: I do not think the figures are right, but still, that does not matter

The Chairman: The figures have been supplied to me.

. . . . or in Canada, where you have a small North American Indian population, you have none of these problems with which the South African Government is faced—none of them. The white population of South Africa is in a very small minority compared with the aboriginal Kaffir population, and the Indian population of Natal is actually greater than the white population of Natal.

Mr. Hughes: Do you know what the numbers are?

The Chairman: Perhaps General Smuts has them.

General Smuts: Yes, the figures have now been supplied to me. The white population of Natal is 121,000, and the Indian and Asiatic population is 190,000.

Mr. Montagu: And the natives.

General Smuts: 1,000,000.

The Chairman: There you have an enormous disparity, and there is no doubt whatever that the views and opinions of the white population are profoundly affected by figures of that kind. It arises entirely from that kind of figures. We have no problem in this country. The doors are open. Any native of India or any Asiatic may enter, and there is no restriction; but, of course, if hundreds of thousands or millions of Asiatics were to enter this island and were to compete with the working classes here and with the clerical classes here, under conditions of extreme economic competition, there is not the slightest doubt that there would be a very great change and alteration in the laws which regulate the lives of the people of this island; and it is affectation and humbug, to which I will never lend myself, to pretend that that would not be the case. The basic standard of wages and of living which in each country is laboriously built up by the labouring classes cannot suddenly be overturned or steadily be pulled down by the competition of another race from the other side of the world which lives in an entirely different way, which has very great economic virtues, which practises great frugality and restraint in its own life, and at the same time a race which is capable of very high physical and mental effort. It is a question of self-preservation. That is a terrible fact, but when it comes up it undoubtedly governs the action, and always will govern the action, of communities. I think we are a little running a risk of putting our colleagues from South Africa in what is an unfair position if, not being face to face with any of the actual practical disadvantages or difficulties of a racial problem of this character, we immediately pronounce general principles, the application of which we have at the present time no reason to fear, but which would undoubtedly effect and rupture the very foundation of the life on which South Africa has been erected.

Recent history in
South Africa.

But there is another aspect with regard to South Africa to which I must refer. There is the history, and the recent history, of South Africa. Since I began to take an interest in public affairs at the beginning of the century, I have had to do with South Africa from the very start. I served through the war, and as Under-Secretary at this Office I had to carry through the legislation giving the Transvaal and Orange Free State their Constitution. It seems to me that you must not ignore the history of South Africa. There has been a terrible war, and 50,000 British lives were sacrificed in the war, and many Dutch lives also, in that fratricidal struggle which broke out there. Then there was the Peace Treaty of Vereeniging, which made a great peace in South Africa, and the result of which was to give, in the fullest possible measure, to the people of South Africa all the rights of responsible self-government which are enjoyed by the British Dominions of the Crown, and which it would shatter the Empire to trespass upon.

That series of events led directly to the action which South Africa has taken in the late war, sending her troops to fight on the battlefields of Europe, marching out to overcome the Germans in German South-West Africa, and sustaining the Empire in every way to the best of their ability under the leadership of that great Dutchman, General Botha, assisted by the present Prime Minister of South Africa. It is a miracle, look back on it as you will, that such a rapid succession of events should have been produced by twenty years of statecraft, patience and reconciliation in South Africa. It was an event which the Germans were utterly unable to comprehend. They have never been able to understand how such a series of events

could work out. Personally, I regard it as one of the greatest blessings that has fallen to the British Empire. But it would, again, be affectation to suppose that in this matter South Africa has been unanimous; it has not been unanimous. At the time of the war there was an actual Dutch majority in South Africa. South Africa is not unanimous, and never could be unanimous, and no country can be unanimous on every topic. That a country which had been torn for twenty years by a fierce struggle of that kind should be unanimous would be impossible. I have no doubt whatever that if General Smuts were to assent to a resolution of this character, desirable though it is from an Imperial point of view, he would arm persons who are enemies of the British connection in South Africa with a weapon which would be used against him everywhere, and against his Government, and against the Coalition Government of the Union of South Africa, which would weaken them in their task, and what, I should like to know, would be the result, supposing this pressure continued?

Position of British
Indians in the
Dominions.

Mr. Sastri has been very reasonable in understanding these difficulties. I believe, Mr. Sastri, that in General Smuts you have the very best friend of your cause that you could have; in fact, I am certain of it. His whole outlook on world affairs and his whole record shows it. But supposing the present administration there took on their backs a resolution of this character; it would not help India, it would only raise antagonism of a very violent kind there, and it would weaken practical action, it would hamper and fetter practical action, and if it resulted in other administrations being formed in South Africa, those administrations would certainly not come in except on the basis of more stringent regulations.

Mr. Sastri: Squeezing out the Indians.

The Chairman: It is a fact, and it ought to be recognised.

Then there is another point that I must make. It is sometimes put by Mr. Sastri and by the Maharao in their very powerful statements that this is a kind of disability which is imposed upon the natives of India because of their connection with the British Empire—that that sort of argument is being used in India by Mr. Ghandi and by others, but no settlement of the relations between Great Britain and India will affect this position in South Africa.

Mr. Sastri: I am not conscious of having said that.

The Chairman: I rather gathered that that was so. As a matter of fact, I do not think it is fair for the Indian representatives or for Indian statesmen to contend that India is sufferer by her present position. As a matter of fact, we have heard from the Prime Ministers of three of the great Dominions that their legislation is of a character which is very largely satisfactory to Indian claims

Hir Highness the Maharao of Cutch: I do not think we have said that.

The Chairman: I am addressing myself to that point of view. Three of the four Dominions would be able to agree upon a resolution which would be satisfactory to Indian views, but their conditions are quite different from those which prevail in South Africa, and quite apart from the self-governing Dominions there are the great Colonies about which, on some other occasion, I shall have a discussion with Mr. Montagu and his Indian colleagues. I do, therefore, hope that the circumstances which exist in South Africa will not be made a reason for creating a difficulty. I am quite certain that no advantage would be gained by trying to draw a sharp issue on a point like that. Where I have a certain amount of doubt is whether it would be better, in the general interests of the British Empire, for us to record a resolution with a dissenting minute by South Africa, or whether it would be better to record no resolution at all. I think it is a matter which we should refer to the Conference as a whole rather than decide ourselves, so I would not propose to reach any definite conclusion this morning, but there is obviously a good deal to be said for and against. The reason why I favour the recording of such a resolution is the fact that Mr. Sastri and the representatives of India would undoubtedly feel that they had over an enormous area of the world's surface, over an enormous area of the British Empire, gained acceptance of the principles for which they contend. That is a great deal, and it must be judged, of course, in relation to the actual circumstances.

Difficulties in the
way of a unani-
mous resolution.

Mr. Montagu: Do you mean by that, that you are quite certain we cannot get to a unanimous resolution, that there is no form of resolution which is possible of acceptance?

Position of British
Indians in the
Dominions.

General Smuts: Nothing that we have said here this morning seems to me to afford any hope whatever.

Mr. Montagu: Not Mr. Hughes's amendment?

General Smuts: No, I do not consider that the amendment is an improvement on the resolution.

The Chairman: So far as South Africa is concerned, it does seem to me that the Indian interest there at the present moment, if they cannot get a unanimous resolution, is to try to get practical measures of amelioration, and to see, if they cannot move in a day, when and how they can manage it. I expect that if General Smuts's hands were left entirely free, and he were not committed to a resolution which would only raise antagonism against the policy, it might be possible in various ways for the administration to be made more satisfactory. As to that, perhaps I might have a little talk privately with the General and with Mr. Sastri. I do think it is very unfortunate if there has been an actual step backwards, and I would earnestly hope that, at any rate, the whole position might be maintained. I am sure that would be General Smuts's wish. But what a bad business it would be to get a sort of resolution passed which would, as a matter of fact, weaken the hands of the Government in power, and which again might risk the replacement of them by another Government far less favourable. That is the feeling which I have about it. I think it will be better to report to the Conference that we were not able to agree on a resolution.

General Smuts: I think that is the best thing.

The Chairman: We might report that we were not able to agree upon a general resolution, and it is a question for the Conference to decide whether there should be a declaration on behalf of those portions of the British Empire which feel at the present moment that they are able to go the whole length with their Indian fellow-subjects, leaving it as a matter of perfect liberty for any parts which have a difficulty to stand out. Whether that could be stated without appearing to put South Africa in an invidious position or not I do not know, but it would be for the Conference to decide one way or the other. Really, I should like to know how General Smuts feels about that. I think it might be a help from the Indian point of view to get the principle confirmed for as wide an area as possible, and to say that the circumstances here do not permit of its universal application.

Mr. Hughes: The resolution as it stands, although I have said that its application to us would be very much less wide than to South Africa, would not be acceptable, and I could not vote for it.

The Chairman: But your amendment?

Mr. Hughes: Yes, but I am talking about the resolution as printed. The amendment is one which I could vote for, and with regard to that which I should like General Smuts to say what he thinks it would commit him to.

Political situation
in South Africa
precludes adoption
of the resolution.

General Smuts: I will tell you what it will commit me to. The political position in South Africa is this, as you know, that I happen to be a Dutch Prime Minister of South Africa. You have a colony in South Africa which is purely British, and I, a Dutchman, if I agree to this resolution, would be accused of having betrayed that British colony where there is an Indian majority; so I cannot agree to it. I think it would weaken the position in South Africa politically to such an extent that anything could happen thereafter, and I am not going to do so.

Mr. Hughes: That is an argument which appeals to me very strongly. I see that General Smuts is not in the same position as I am. Mr. Meighen is also in somewhat the same position, because he has to consider Quebec, where there are French; while Mr. Massey and I have to consider a purely British community. General Smuts has to consider the thing, not merely as it would be if it were an entirely Dutch or an entirely British community, confronted with an Asiatic and East African problem, he has to consider another wound yet raw in the body of the Union of South Africa, and I can quite understand how he feels about it, and what effect it might have. I shall not press my amendment any further, but I cannot vote for that resolution as it stands printed. I do not want Mr. Sastri to understand by that that I do not agree with the principle. As a matter of fact, this would affect us

comparatively little, because we have already established the principle. I used the illustration of Baron Makino and Viscount Chinda to show that I would only agree to the principle on the distinct understanding that it would not be given effect to.

**Position of British
Indians in the
Dominions.**

Mr. Montagu: Not be given effect to at once.

Mr. Hughes: Yes, of course, that is as far as I went.

The Chairman: What I venture to propose is that I report to the Conference that we have had a discussion, and that it is not possible to arrive at a unanimous resolution; and it is for the Conference to decide itself whether the general interests of the Empire would be better served by a resolution with a dissentient minority on the one hand, or by leaving the subject without an expression of opinion on the other. My own feeling, I confess, is a little in favour in proclaiming the principle for the widest area of the British Empire possible: that is my own feeling; but if General Smuts, on behalf of South Africa, took the view that that was not a desirable course, I do not think I should persist in it, because I think the advantages and disadvantages are very evenly balanced. Of course there is this, that if South Africa dissented from such a proposal all the more would the hands of the Government be strengthened in any practical measures that were possible, because they would say: "We stood out definitely at the Conference." I am just wondering whether that might not lead up to some practical easement of the position. I shall report in that sense to the Conference unless General Smuts has anything to say against it.

*Form of report to
the main
Conference.*

General Smuts: No, I have no objection to a report being made in that sense to the Conference.

Mr. Hughes: You will understand, I hope, that I could not agree to any resolution, or any attitude being taken which would make a distinction between parts of the Empire with regard to this question. I could not say, "While Australia is willing to do this, South Africa is not." All I have been trying to do is to find some formula which would be acceptable to all, but I would not vote for my own amendment, or for any amendment upon that, unless General Smuts were able to see his way clear to accept it; otherwise, our last state would be worse than our first, because in seeking to conciliate India you would perhaps do something to weaken the bonds of Empire between the other Dominions.

Mr. Montagu: I hope you will just turn the matter over in your minds, for this reason: We frankly and fully admit that South Africa stands in a very special position, and if we can go back with an affirmation of this fact from those Dominions where it is easily applied, we can say to our constituents, "This thing will take time. You have achieved now a recognition in those Dominions which are most easily circumstanced. Do not be impatient with those countries which have special difficulties of their own. You can raise it at a future Conference. Time may convert South Africa; time may open up possibilities in South Africa which are not there to-day"; whereas, on the other hand, if we have to go back and say, "We discussed this, and no single part of the Empire could give us any hope at all," it would be a very difficult position. There might be a form of words—it would not be a resolution—which would be acceptable. I think it is worth while to turn it over in your minds.

General Smuts: I am trying to think of a formula to suit the case. I think we can only report disagreement here this morning.

The Chairman: I shall simply report inability to reach an agreement.

Mr. Montagu: And I do hope that the suggestion will be followed, that the Secretary of State for the Colonies should discuss this matter with Mr. Sastri and General Smuts.

General Smuts: Yes.

Mr. Montagu: I do not know whether you have the memorandum before you. In paragraph 11 there is a reference to the appointment of an agent of the Indian Government at Pretoria, in pursuance of the Bill which has been passed. I do not know whether you have ever considered that.

General Smuts: No, I have not.

Mr. Montagu: You might let me know at some time.

Position of British
Indians in the
Dominions.

The Chairman: May I say that as there is no Imperial Conference this afternoon we can have a meeting of the Committee here to decide the air question. Will you be able to come again at 3.30?

Mr Hughes: Yes.

The Chairman: Could you send a representative, General Smuts?

General Smuts: Yes.

The Chairman: Mr. Massey is able to attend, and the Air Ministry will be here, because we must settle it. We must get on.

(Adjourned to 3.30 P.M.)

SECRET.

E. (S.C.) 5th Meeting.

103

STENOGRAPHIC NOTES OF A MEETING OF REPRESENTATIVES OF THE UNITED KINGDOM,
THE DOMINIONS AND INDIA, HELD AT THE COLONIAL OFFICE ON FRIDAY, JULY 15,
1921, AT 3-30 P.M.

Present :

The Right Hon. W. S. CHURCHILL, M.P., Secretary of State for the Colonies
(*in the Chair*).

Captain the Right Hon. F. E. GUEST, D.S.O., M.P., Secretary of State for Air.

The Right Hon. W. M. HUGHES, K.C.,
Prime Minister of Australia.

The Right Hon. W. F. MASSEY, Prime
Minister of New Zealand.

Colonel the Hon. H. MENTZ, Minister of
Lands and of Defence, Union of South
Africa

His Highness the MAHARAO OF CUTCH,
G.C.S.I., G.C.I.E

The following were also present :—

Major-General Sir F. H. SYKES, G.B.E.,
K.C.B., C.M.G., Air Ministry.

Colonel S. H. WILSON, C.B., C.M.G.,
Principal Assistant-Secretary Com-
mittee of Imperial Defence

Secretariat :

United Kingdom.

Australia.

Sir HENRY LAMBERT, K.C.M.G., C.B.,
Colonial Office

Mr. P. E. DEANE, C.M.G.

Mr. E. J. HARDING, C.M.G., Colonial
Office.

India.

Mr. M. E. ANTROBUS, Colonial Office.

Mr. G. S. BAJPAL.

The Chairman: Mr. Hughes, I sent you yesterday a suggested resolution to meet your views, but since then a new version has been prepared by the Air Ministry. It is just the same thing, but a little longer and a little more definite. "That an expert Committee should be appointed representing the Governments concerned to report on the means and cost of shortening the mail and passenger routes of the Empire, and to investigate and outline the minimum capital and annual cost of alternative schemes of Imperial Air communications with special reference to the routes between England, Africa and Australia: (1) by means of airships, including the present fleet; (2) by means of aeroplanes." I accept it, what do you say about it?

Imperial Air
Communications.

Mr. Hughes: What is it that this Committee is to do?

Captain Guest: Our suggestion is this, that we will take alternative schemes of Imperial Air Communication, we will take them in sections, and obtain from the Committee of Experts the exact estimated cost of those alternative schemes. We will then submit them to the Conference and they will decide on the most important subject of contributions. That was the idea. There are several alternative sections of schemes which we could present and the cost attendant upon each. We thought the Committee would then be in a better position to arrive at the main decision,

Imperial Air
Communications.

namely, what contribution, if any, should be made by the respective Governments for the undertaking.

The Chairman: I am wanting to know whether this Committee will relieve the airships.

Mr. Hughes: No, that is for your Government, not for the Committee; I understood that it was to tell us something about the cost of the various alternative routes or methods.

Captain Guest: That is what I suggest in the resolution before the Committee. Can I give you an illustration?

Mr. Hughes: Yes.

Captain Guest: For £750,000 we could undertake to complete and run regularly the first link of the chain, say England to Egypt, but that money would not go any further, and that we would support by expert opinion and estimates. That is the sort of thing we could present in such a form that the Governments could arrive at a decision as to contributions. That is purely an illustration.

Airship
communication
with Australia.

Mr. Hughes: What we want is to see whether it is possible for an air service to be run with the airships at their present stage of development between here and Australia or Australasia, and if so what will it cost, if it can be run on a commercial basis; if not, what subsidy it needs. You show me that it can be run; that is the main thing I want to know. What will it cost? Show us what you have to give, that is to say, that it is regular and fast, and I think you will find that Australia will not haggle about the subsidy. It means such an enormous thing to us. I do not say that Australia will give millions a year, but anything that you have mentioned or that has been suggested by Mr. Ashbolt would not deter us, even if it were only for an experiment, and really, I think, after all, what we have to find out is this—we have these beautiful airships upon which you have spent such a lot of money, you have spent the money not only on the ships but on the organisation of which the ships are the latest and choicest fruit—if we take those, to what use can we best put them?

The Chairman: What amendment would you put into the resolution to achieve your object?

Mr. Hughes: I do not know, but my contention is shortly this. There is only one way by which you can ascertain whether they can provide a regular and reliable service and that is by experiment. What you have to tell us is how much it will cost to put up a set of suitable masts, at suitable distances, for us to get from here to say Australasia or Africa, wherever you like, set the facts out in separate schedules. It is to be clearly understood that the operations are experimental. We take that risk. If it is demonstrated, after a year or two's actual flying trials, that it is all right, but that we want better ships, then you can say, "If you want to put Empire airship communication on a commercial basis you must have ships of 4 million cubic feet capacity or 10 million cubic feet and it will cost so much." Then we shall be able to deal with that when we come here again. That is how I see the position, but I do not know how you can frame such a resolution.

The Chairman: The airship went from here to America and back.

Mr. Massey: That is not very far.

The Chairman: 2,500 miles.

Mr. Massey: That is only a hop, step and jump in the Pacific.

Possibility of a
regular service.

The Chairman: It came back across the stormy Atlantic and we know that a German airship went from Germany to East Africa in the war and came back. I do not think there is any doubt, if you put up a chain of masts and the refilling plant which fills them up with their gas, you could send an airship from here to Australia and you could come back, and you could go on sending airships along that route and coming back as long as your airship lasted. I do not think there is any doubt of that, but the cost will be considerable, it will be very much indeed, and the Air Ministry have told you that they consider, to maintain anything like that service, ten ships would be needed. We know that you can do it now, that is, you can do it as a journey there and back, as a flight from Britain to Australia, if you like to put up the organisation, with the vessels that we have at present. Nothing would be gained merely to spend money in doing it just to know you have done it. The point is, whether you could, at this stage, embark upon the actual setting up of a service. There is a great deal to be said for that, a very great deal. There is only one thing

to be said against it, that is the expense, but there is a great deal to be said for it. There is no comparison from the point of view of speed with any other method of getting from Australia to England, but it is the expense. Still, if the Empire felt it could produce the money, the 5 millions capital and the million or two per annum which would be required to start and maintain a service like that, there is no doubt one of the greatest achievements in the history of the world would have been effected. I do not believe that it is any use tackling the problem without having the mass of capital and the resources to carry it through and make it a success. I do not think that the experiment would add any vital element to our knowledge, and merely to make the experiment, and throw away what is a large sum of money (although nothing like so large as would be needed for a service), and yet to have no remarkable brand-new knowledge at the end of it, I do not think that would be a wise policy. Then you must remember that it is not merely a question of finding out whether you can go from one end to the other of the journey, you can do that, you can say that with certainty if you make your arrangements, it is a question of finding out how long these ships will run without replacement, what is the average of accidents that will occur over a year or two while the service is working and running, and you will not get that out of any of the money that has been talked of to do one or two short voyages. You have to try and run it as a regular service and to find out the loss and wastage with these expensive craft, and the risks of the journey when it is done periodically once a month, or something like that throughout the year. Therefore, if you are to get the knowledge you want from running the service, you want to do it on a much bigger scale. What might easily happen is that an airship may make one or two voyages and break down; probably it would, and that would be the end of it, and we should have spent our money and not found out the average wastage on a service run on a proper scale, a highly organised service with ample capital for a period of two or three years. Anybody who starts to do this now has all the scientific power to do it, the technical problems are absolutely soluble. What is wanted is enough money to plough through a good many adverse incidents and unfortunate incidents and to get the service regular, get the statistics worked out to show what an average voyage is, what is the loss of life, if any, the risk to passengers, and so on, and the life of the ships when in constant use. That is an experiment you have to make on the scale of 12 inches to the foot; you cannot do it on anything less, that is my feeling, but if you like to have the best estimates that can be made this Committee will produce them.

Mr. Hughes: Let us take your argument and apply it to our present circumstances in the light of our experience. There is a great difference between Noah's Ark and the "Mauretania." We are somewhere between those two now in airships, nearer, I hope, to the "Mauretania" than the Noah's Ark.

Mr. Massey: The "Mauretania" is half way.

Captain Guest: The "Titanic."

Mr. Hughes: No, she is at the bottom of the sea.

Captain Guest: The "Aquitania."

Mr. Hughes: What is the position. Mr. Churchill has told us that there are no technical problems, that they are all soluble or solved. I am very delighted to hear that because I was under the impression the other day that what we were asked to do was to make a number of experiments as to the effect of tropical sun upon the cover of the machine, or upon the body, and what would be the effect of high velocity winds. Have we then ascertained all those things—I venture to say with all submission these problems are not solved—they can only be solved by actual experiment. When you run the airships along these routes we shall know just what they can do. But we cannot find out in any other way. If I want to get soundings of the Atlantic Ocean I do it, of course, by taking a ship over the course for the cable. If I want to lay a cable I take soundings. I cannot do that by sitting in an office. There is no other way of doing what needs to be done except by an experimental service over the actual routes. There are no experiments, according to Mr. Churchill, that are needed from the technical point of view; the difficulties are either solved or soluble. We can then put these on one side, we have the airships; we do not know, Mr. Churchill says, whether these are sufficient in number, although there seems to be no dispute that although they are not sufficient in number to maintain a regular service at such intervals as is desirable, there are enough of them to make the experimental voyages. Mr. Churchill has just told us so. We did not know that before.

Present development in airship communication.

**Imperial Air
Communications.**

The Chairman: I do not know that the particular airship is ready at the moment to do the voyage, but airships have that capacity.

Mr. Hughes: Some or all of these particular airships have the capacity to make this particular voyage about which we have been speaking. We are told that there are no technical difficulties in the way, and nothing to prevent us putting up the masts at suitable intervals, but we are told that we shall gain nothing by making this experiment because we shall not have been able to determine what will be the exact effects upon airships making regular trips between here and Australia. That can only be determined by applying a test of 12 inches to the foot, that is to say, have ten machines to start with, with a magnificent equipment, everything up to date, and make this experiment in order to find out how much we are going to lose, or whether the thing is commercially profitable or not. I do ask you to contrast what you have said with the means, and the stages of development by which, other modes of locomotion, including this, have been secured. You have the steam engine, the ocean steamship, and the airship and aeroplane, all these things have proceeded along the lines we are suggesting, namely, that you should take that which is ready to your hand, you should make the voyage you desire to make and you should ascertain by actual experiment the sufficiency or the insufficiency of the means at your command to do that which you desire. That will cost, we are told, £750,000, but whether it costs £750,000 or £1,000,000 can only be ascertained from experiment. A Committee cannot ascertain it. A Committee can tell us how much the masts will cost, and how much the fuel will cost, but it cannot tell us how many times the machine will break down, it cannot tell whether in practice the thing is as reliable as we are told, or as unreliable as its critics would have us believe. All I want to say is this, I cannot accept Mr. Churchill's suggestion that in order that we should make this experiment we must spend five millions of money—I do not believe it; that we must build ten ships—I cannot accept that view. I say we have the ships necessary for the experiment. I accept his statement that we do not want to make any technical experiments. I am sure that he will agree that we have a good deal to learn as to the effects of weather conditions, and so on, upon these airships, and whether they will stand continuous employment along the routes they will take. Aerial communication means very much to the Empire. We in Australia thought so much of it that we offered £10,000 to the first Australian who should make the trip by aeroplane. Two men made it. Britain thought so much of aerial navigation that she sent the R. 34 across the Atlantic. So that it is evidently worth doing.

The Chairman: How much did it cost taking the R.34 across the Atlantic?

General Sykes: I could not give a figure off-hand.

Mr. Hughes: A fabulous sum

The Chairman: No.

Mr. Hughes: A great deal of money.

The Chairman: Yes.

Mr. Hughes: You had to build the ship.

The Chairman: She was built for the war. I am told that sending her across the Atlantic cost £7,000 or £8,000.

Mr. Massey: Is that all.

The Chairman: That is off-hand, although I was the Minister responsible.

Mr. Hughes: That makes it more hopeful.

The Chairman: I do not stick to that figure.

Mr. Hughes: If you can send it across the Atlantic for £7,000 or £8,000, it does not require an essay into higher mathematics or the services of a financier to determine that it will not be beyond our means to send a vessel to Australia. What I say, therefore, is this, no one is able to tell us all we want to know, but this Committee could tell us one or two things. It could tell us, for instance, how much it would take to put up the masts, how much it would take to make the supply bases. They propose to get rid of these ships, therefore it is no good considering how much you have to spend by way of repairs or depreciation; that you can ascertain only from actual experiment. We should have these data, the upkeep, that is the wages of the men and so on, then there is the fuel, and then there are the masts. We say,

*Expenditure
required.*

“How much will that cost?” As to upkeep, outside oil and wages, we shall see; we may have to spend a good deal of money on repairs, and it may turn out that the vessels will not prove suitable. I sweep aside all the suggestions that if you cannot have a fortnightly service that you should have none. A monthly service will be well worth trying, and when you have done that, in two years’ time you may be able to say, “Of course it has not been as good as it would have been if we had had vessels of larger capacity and more of them, but we have shown you it can be done; now, are you prepared to back this larger scheme?” If you say at the end of two years that you are prepared to do that, I or the representative of Australia I have no doubt would be prepared to launch out into the bigger scheme. At the end of two years you would be able to say to the public, if the Government could not find the money, “We have pioneered the way, we have shown it can be done, you go and do it,” and I do not hesitate to say that you would have a right to ask the public for money, and I think you would get it. I am not in favour of people being asked for money in this experimental stage, we are the people to do this, not to ask people to put money into what may prove a mad venture, or at any rate an unremunerative one. But we ought to do it, somebody has to do it, and we are the people. I would ask that the functions of this Committee should be confined to telling us what it would cost to erect the masts at suitable intervals or suitable places to enable us to make the flight from here to Australia, New Zealand and/or Africa. I mean alternate ways, but go to New Zealand and Australia. You can go to New Zealand and Australia by Africa or the other way. I want you to make separate calculations as to both ways that we may look at them.

Imperial Air
Communications.

The Chairman: Is not that in this resolution? How would you amend it?

Mr. Hughes: By confining it to these lines. Anyhow, Mr. Massey and I will have something definite. If you say that in order to ascertain the possibilities of aerial communication between Australia and England it will cost £100,000, £200,000 or £300,000, we know where we are and we can give an answer. Then we shall have something definite. You can tell us, if you like, anything else, but when you have told us that, we shall be able to say to Mr. Lloyd George or to Mr. Churchill, “Very well, we are prepared on our part to bear our share; we recognise it is only an experiment, we are prepared because of the circumstances, our geographical circumstances and Imperial necessities, to bear our share of the cost of that experiment.”

Mr. Massey: I would like to say that I agree with the proposal and the motion which is now before the Committee for the setting up of the particular expert Committee, whatever it is going to be called. I think there is a lot of information to be collected which we have not yet got, but following up the work of the Committee I do not think we should wait until we have built ten ships, whatever number has been thought necessary up to the present. As soon as we get fairly going—you have the ships, you have had a certain amount of experience, you will have all the knowledge that it is possible to obtain for the time being, and I think an experiment ought to be made, it means setting up these masts in a number of places, and a supply of gas—I do not pretend to be able to say how you are to get it, because I do not know, that is not exactly our business, but it will be the business of the experts, and as soon as we know by experience, that is by a trial service, that it is possible to get from here to Australia and New Zealand (because going to one place means going to the other, and I take it they will go to Australia first by way of India), as soon as we have the expert knowledge whether it is possible to do the trip. I do not think there is any doubt about it, and how much you can carry by way of mails and passengers, time to be occupied, the cost of the services, and the other details I can think of at the moment—then we can go ahead. I do not always agree with my friend here, on details, but I am with him in this respect at all events, the sooner we ascertain where we are the better it will be. We are trying to get from one point to the other by the shortest and straightest possible route. We do not want to go into the inlets down the coast of Africa, or by the South Pole to Australia, we want to go straight across, and the sooner we know whether we can do it the better. I know perfectly well that we shall not get the knowledge for a year or two. I think General Sykes was right when he suggested that it would be probably two years even by way of experiment before we were certain what was going to happen, but even so it is worth doing, and if money is required besides what the Imperial Government can find, I am with the Imperial Government that it is too much to

Supports appointment of Committee to work out expenditure.

Imperial Air
Communications.

expect the United Kingdom to find this money for the purpose of defence and offence, experiments and other things. We have reached that stage in the history of the Empire when the Dominions and the Dependencies, especially the Dominions, have to find their share. Unless some unforeseen financial difficulty comes along I do not think there is any difficulty about it. Anyhow, I support the motion before the Committee.

Recommends
immediate
appointment of
Committee.

Colonel Mentz: I understand this Committee is to sit immediately and to make this investigation. If I am correct in that, I support it whole-heartedly; I think that the investigation should be made immediately, and that we should have the views not only of the Departments, the official side, but that there should be the opportunity to reconcile the various statements and schemes that have been submitted to us, and I have no doubt to the other representatives as well as us since our arrival here. That is most important, and I think it will be a wise thing if this Committee sits that they should have these various statements before them, and examine the people who want to give evidence. To carry it a stage further, I think it is covered by this resolution, what it would cost for what you would call a trial run; whether it could be made with the airships you have at present and what it would cost. Having ascertained that amount, then it is for the Dominions to decide to share with the Imperial Government in making what we may call a trial run if it can be done with the existing airships. Not until we have that and the whole situation has been examined in all its aspects can we decide. I am supporting this with the idea that it is going to be done immediately so that we shall know within a comparatively short time most of the details we have not got to-day. For that reason I support the resolution.

His Highness the Maharao of Cutch: Which resolution? The one before us on Wednesday or the two to-day?

Colonel Mentz: The one from Captain Guest. You want to insert New Zealand and India.

Captain Guest: Yes, otherwise it will stand England, India, Africa, Australia and New Zealand.

His Highness the Maharao of Cutch: I think it is quite all right.

Mr. Massey: When the experiment is made I hope there will be no suggestion that they will stop at Sydney and turn back, but that they will go on to Wellington or Auckland, or both, as the case may be.

The Chairman: Do you accept the resolution with the addition of India?

His Highness the Maharao of Cutch: Yes.

The Chairman: I did not gather, Mr. Hughes, whether you associated yourself with the resolution.

Wording of the
resolution.

Mr. Hughes: No, I would make it definite. I wanted to get something like this: "The Governments concerned to report on the cost of erecting masts, providing bases and fuel supply and maintenance."

The Chairman: That is all included in the resolution.

Mr. Hughes: Yes, I know—and upkeep—how many ships are there?

Captain Guest: "Of the existing fleet," you had better describe it.

Mr. Massey: You are tying it up.

Captain Guest: You did not want to build a new ship until we gave the figures.

Mr. Hughes: "Of the existing fleet."

Captain Guest: I mentioned incidentally that it would cost £100,000 to put the existing fleet into order fit to fly.

Mr. Hughes: I put "upkeep and making ready for commission."

Captain Guest: Commissioning.

Mr. Hughes: And commissioning the existing fleet used—this is how I put it, "Representing the Governments concerned to report on the cost of erecting masts, providing bases and fuel supplies, upkeep and commissioning the existing fleet."

Captain Guest: "For air communications"?

Mr. Hughes: Yes.

Captain Guest: "Imperial"?

Mr. Hughes: Yes, "Imperial Air Communications."

Captain Guest: "With special reference to"?

Mr. Hughes: Yes.

Captain Guest: Then the words would stand, "The routes between"

Mr. Hughes: Do you knock out the words, "Shortening the mail and passenger routes"?

Captain Guest: Leave that in, there is no harm in that.

Mr. Massey: That includes everything else.

Mr. Hughes: That is one thing. Then the other, the rest of the thing, would be "(2)." Divide the thing into two.

Captain Guest: If you give me your notes, I will write it out.

The Chairman: I should like to make a personal observation that, as far as I am concerned as a British Minister, I shall do my utmost to prevent British money being thrown away on an experiment, as I think, of this character. While I should be delighted to see it possible to make a really big effort to undertake an airship service between Britain and Australia, I believe we shall be throwing good money after bad on the small experiment. That is my opinion. However, I am ready to submit to the Committee, or resist it as best I can.

Colonel Mentz: You have no objection to investigation?

The Chairman: I have no objection to the Committee and I am proposing the resolution.

Colonel Mentz: That is our difficulty.

Mr. Hughes: Then I will not vote for any resolution. You propose to prevent that resolution being given effect to?

The Chairman: No.

Mr. Hughes: You have just said so.

Mr. Massey: No, I do not understand that.

The Chairman: I shall have nothing to do with the Sub-Committee, but I should be misleading you if I said I thought it would be a wise thing for England to give £375,000.

Mr. Massey: You support this, that an Expert Committee should be appointed?

The Chairman: I support the resolution.

Captain Guest: I will read it: "That an Expert Committee should be appointed representing the Governments concerned to report on the cost of erecting masts providing bases and fuel supplies and upkeep commencing with the existing airship fleet."

Mr. Hughes: I thought I said, "commissioning"?

Captain Guest: I could not read it, I am sorry.

Mr. Hughes: Strike out "and" before "upkeep" and it will be "commissioning the existing"

Mr. Massey: Is fuel a proper term to apply in this case?

Captain Guest: "And commissioning the existing fleet for the purpose of Imperial Air Communications with special reference to the routes between England, India, Africa, Australia and New Zealand." Would the Committee consider it proper for the Expert Committee to consider aeroplanes as well in this connection?

Mr. Hughes: I do not mind it being added. Put "along the same routes by aeroplane."

Mr. Massey: The word "fuel" is surely wrong. There is no fuel required.

Captain Guest: "Providing bases" covers that. It covers the whole thing. I thought you wanted it in, "and by aeroplane."

Mr. Hughes: Yes.

His Highness the Maharao of Cutch: Does not that rather limit the field of investigation for the Committee?

The Chairman: The other words were much more general and covered everything.

Colonel Mentz: It is limiting it more.

Captain Guest: We can give all the information.

Colonel Mentz: I have no doubt they will not regard so strictly the terms of reference.

Mr. Hughes: What is the next part?

Captain Guest: "And by aeroplane." It will not interfere with the examination of the first project.

The Chairman: "Should be appointed representing the Governments concerned to report on the cost of erecting masts, providing bases and fuel supplies, and upkeep and commissioning the existing fleet for the purpose of Imperial Air Communications with special reference to the routes between England, India, Africa, Australia and New Zealand." It is not any use commissioning them unless you are going to maintain them in commission for a certain time. You want "commissioning and operating."

Mr. Hughes: That is right—over a period say of two years.

Captain Guest: We will give it over several periods.

The Chairman: Over the period they are likely to last.

Captain Guest: We can come to the provision of depreciation immediately.

Colonel Mentz: What do you mean by an Expert Committee?

Mr. Massey: People who know.

Captain Guest: People from the fleet itself.

Colonel Mentz: Representatives from the Dominions.

Captain Guest: Representing the Governments concerned.

The Chairman: Perhaps the words "a Special Committee" would be better than "an Expert Committee."

Colonel Mentz: I was wondering about that.

The Chairman: They will not all be experts.

Mr. Massey: Then you do not want the word "Special."

The Chairman: A Committee to be appointed—a Technical Committee.

Colonel Mentz: No, a Committee.

The Chairman: Very well, so much for that. Does everybody then agree to it in the amended form?

Mr. Massey: What about the last sentence about aeroplanes? It did not seem to me to read.

The Chairman: "Air communications with special reference to the routes between England, India, Africa, Australia . . ."

Captain Guest: I wanted India in because India is concerned with it.

The Chairman: This thing is in an awful condition now. "Existing fleet of airships" [you have left out the word "airships"] "for the purpose of Imperial Air Communications with special reference to the routes between England, India, Africa, Australia and New Zealand."

Mr. Massey: “(2) by means of aeroplanes.” I think that will read.

Imperial Air
Communications.

The Chairman: Yes, “(2) by means of aeroplanes.” Very well, do you agree to that, Mr. Massey?

Mr. Massey: Yes.

The Chairman: Do you agree, Colonel Mentz?

Colonel Mentz: Yes.

The Chairman: Do you agree, Maharao?

His Highness the Maharao of Cutch: The only question is that a reference has been made to an Expert Committee and the Report of that Committee will be considered by the Conference. Therefore it is immaterial what are the terms of reference to the Committee. If you wanted my opinion as to the exact wording of that resolution, perhaps I should give a reply in the negative, but I do not think it is important that I should be particular as to the exact wording so long as you do not leave India out of consideration.

Mr. Hughes: Who is going to appoint this Committee?

The Chairman: If you wish to discuss it I should like to know your views.

Personnel of
Committee

Mr. Hughes: I think what it says is that the respective Governments are to do this. You would appoint whom you like. I would like to suggest that Sir Ross Smith act for us, that is all.

The Chairman: I think myself that the Secretary of State for Air had better take the chair himself, and then General Sykes and General Trenchard, representing the two branches of aviation, our two greatest experts; and Sir George Barstow, representing the Treasury. If you like to give the Colonial Office a representative I should put on Sir James Stevenson, who has been working in the Air Ministry.

Mr. Hughes: You put on whom you please.

The Chairman: He is a thoroughly competent business man, and Mr. Hughes will nominate Sir Ross Smith. What about you, Mr. Massey?

Mr. Massey: I have nobody particularly interested.

The Chairman: Let Sir Ross Smith keep in touch with you and be responsible for dealing with New Zealand.

Mr. Massey: Very well.

The Chairman: Colonel Mentz, will you or the Prime Minister nominate?

Colonel Mentz: I am the representative of South Africa on this Committee. We will discuss it. I am prepared to go on myself.

The Chairman: I should like you to.

Colonel Mentz: Or some other South African representative. You want a representative for India?

Captain Guest: We should like it very much.

His Highness the Maharao of Cutch: I do not know anybody. I think you might ask Mr. Montagu.

The Chairman: Yes, we will ask Mr. Montagu if there is anyone.

Captain Guest: What about Canada?

The Chairman: We must ask Canada to appoint a representative. The resolution passed was as follows:—

That a Committee should be appointed representing the Governments concerned to report—

1. On the cost of erecting masts, providing bases and fuel supplies, upkeep, commissioning and operating the existing fleet of airships for purposes of Imperial Air Communications with special reference to the routes between England, India, Africa, Australia and New Zealand; and
2. On services by means of aeroplanes.

SECRET.

E. (S.C.) 6th Meeting.

108

STENOGRAPHIC NOTES OF A MEETING OF REPRESENTATIVES OF THE UNITED KINGDOM,
THE DOMINIONS AND INDIA, HELD AT THE COLONIAL OFFICE, ON MONDAY, JULY 18,
1921, AT 12 NOON.

Present :

The Right Hon W. S. CHURCHILL, M.P., Secretary of State for the Colonies
(*in the Chair.*)

The Right Hon. E. SHORTT, K.C., M.P.,
Secretary of State for Home Affairs.

The Right Hon. STANLEY BALDWIN, M.P.,
President of the Board of Trade.

The Right Hon. W. M. HUGHES, K.C.,
Prime Minister of Australia.

The Right Hon. W. F. MASSEY, Prime
Minister of New Zealand.

The Hon. Sir THOMAS SMARTT, K.C.M.G.,
Minister of Agriculture, Union of
South Africa.

Colonel the Hon. H. MENTZ, Minister of
Lands and of Defence, Union of South
Africa.

The Hon. C. C. BALLANTYNE, Minister of
the Naval Service and of Marine and
Fisheries, Canada.

The Hon. SRINIVASA-SASTRI.

The following were also present :

The Right Hon. F. C. KELLAWAY, M.P.,
Postmaster-General.

Sir G. E. P. MURRAY, K.C.B., Secretary,
General Post Office.

Mr. F. J. BROWN, C.B.E., General Post
Office.

Mr. CECIL HARMSWORTH, M.P., Parlia-
mentary Under-Secretary of State for
Foreign Affairs.

Mr. L. C. CHRISTIE, Legal Adviser,
Department of External Affairs,
Canada.

The Right Hon. Sir HENRY NORMAN,
Bart., M.P.

Mr. E. T. FISK, Managing Director,
Wireless Australasia (Limited).

Mr. J. S. RISLEY, C.B., K.C., Legal
Adviser, Colonial Office.

Mr. H. W. MALKIN, C.M.G., Assistant
Legal Adviser, Foreign Office.

Mr. O. F. DOWSON, Assistant Legal
Adviser, Home Office.

Mr. W. TEMPLE FRANKS, C.B., Comptrol-
ler-General, Patent Office.

Dr. W. H. ECCLES, F.R.S., M.I.E.E., Vice-
Chairman, Wireless Telegraphy Com-
mission.

Colonel S. H. WILSON, C.B., C.M.G.,
Principal Assistant Secretary, Com-
mittee of Imperial Defence.

Secretariat :-

United Kingdom.

Sir HENRY LAMBERT, K.C.M.G., C.B.,
Colonial Office.

Mr. E. J. HARDING, C.M.G., Colonial
Office.

Mr. M. E. ANTROBUS, Colonial Office.

Australia.

Mr. P. E. DEANE, C.M.G.

South Africa.

Mr. G. BREBNER.

India.

Mr. G. S. BAJPAI.

**Wireless
Telephony.**

The Chairman: There are one or two minor items this morning which I think we might clear up, and then our work on this Committee will be completed and we can report to the Conference as a whole. We have covered a good many subjects, and I think we have produced some results from each one of them.

The first question to-day is wireless telephony, which is a very technical topic, but we might hear what there is to be said on the subject. I will ask Sir Henry Norman to tell us what is the present position with regard to wireless telephony.

Sir Henry Norman: Mr. Churchill and Gentlemen,—Wireless telephony is, of course, very closely allied to wireless telegraphy. In the first place the methods of reception are the same and what will receive the one will receive the other; in the second place, all modern stations transmitting signals by wireless telegraphy, whether by alternator, by arc, or by valve, generate electro-magnetic energy equally suitable for wireless telephony. It is only necessary to add a method of modulating the current by the use of the human voice (and there are many ways of doing this, and it is a matter of constant research) to transform these stations into wireless telephone stations.

*Imperial wireless
stations suitable
for telephony.*

Of these three methods, the generation of energy by valves is doubtless the best, and therefore, the Imperial stations as proposed will be perfectly equipped to receive the additional apparatus necessary to make them efficient wireless telephony transmitting stations whenever it may be desired. The cost of this addition would be trifling in comparison with the cost of the station. Thus an Imperial station may be regarded as telephonic whenever this is desired, equally as much as telegraphic; but whether wireless telephony should be expected to play any part in Imperial communications in the near future is open to grave doubt.

*Objections to long-
range wireless
telephony.*

In the first place, the range is only one-third for the same power, or the power would need to be three times as much for the same range; secondly, wireless telephony causes much more interference than wireless telegraphy, that is to say, it extends over a much broader band of wave-lengths. Two stations of equivalent power can only work at the same time by employing different wave-lengths. But there are a very large number of stations desiring to transmit simultaneously, and therefore there must be a very large number of wave-lengths in use; yet the number of possible wave-lengths is, of course, absolutely limited. Therefore, there is already an international scramble for wave-lengths. There is an International Conference sitting in Paris at this moment to allocate the wave-lengths among the different nations desiring them—to share them out amongst the nations. Any method, therefore, of wireless transmission which necessarily monopolises a number of wave-lengths is a nuisance, and is internationally “warned off the course,” so to speak. Transmission by old-fashioned spark is such a nuisance and no new spark station would be permitted—I am speaking of course for long range. Wireless telephony is another such nuisance, and it is quite possible that this may be forbidden internationally for long range communication.

Again, wireless telephony is absolutely public. Every wireless telegraph station, even the most modest, listens to it all the time. When the Marconi station at Chelmsford was trying experiments with wireless telephony with Mr. Marconi's yacht the “Electra,” I listened for hours to their conversations. If it were not forbidden by law to repeat what one hears by wireless, I could tell some very amusing stories of those experiments. Every week-end I listen for hours on the wireless telephone to the Royal Air Force stations talking amongst themselves to aeroplanes, to a concert in Holland, and to telephony from a station near Berlin.

The Chairman: Is it audible?

Sir Henry Norman: Perfectly.

The Chairman: Is it as good, or rather I should say as bad, as the ordinary telephone?

Sir Henry Norman: Yes, it is as good, and it may be as bad. It depends upon jamming and all sorts of things. When it is working well you hear it as distinctly as you hear me now, and when it is working badly you do not hear it at all, and a large part of the conversation consists in one station asking another: “Did you receive my signals?—hullo, hullo, Lympe! Are you getting our signals better now?” And then you hear the reply: “I am getting your signals better”; “I will try another microphone,” and so on. A great part of the time is spent in doing that.

Mr. Hughes: It must be very much better than the ordinary telephone, because on that you only get, hullo, hullo, hullo! Wireless
Telephony.

Sir Thomas Smartt: When I tried it we had all the alphabet and numerals, and they read the telegrams from the morning paper and there was not a hitch.

Sir Henry Norman: When it is working well it is perfect, but there is a considerable proportion of the time when it is working badly. This station I am speaking of was talking at a range of about 50 miles.

My point now is with regard to the absolute publicity of it. It is as public as if one put one's head out of this window and shouted into Downing Street. If it were possible to talk by wireless telephone from Australia to England, everybody would look forward with the keenest possible interest to listening to conversations between Mr. Hughes and Mr. Lloyd George at a moment of Imperial crisis. But seriously, the point is that everything shouted into a wireless telephone is overheard by anyone who cares to listen. So much is this so, that the Air Force Station at Croydon, for instance, talks to Lympne in code very often, simply reading off masses of figures, 11587—28534—a whole lot of figures like that which compose a secret code.

Finally, there is another reason why wireless telephony is inappropriate at present for Imperial communications—and I may perhaps be criticised for not having mentioned this first. It is virtually impossible—at any rate, it is wholly impracticable. Nobody would care to say what may be possible in the future, but wireless telephony as a regular procedure for long distances is not a practicable procedure to-day. It may be done; it has been done, and will probably be done again soon, across the Atlantic; but it will be a *tour de force* for some time to come. Claims to the contrary are made by interested parties, but it will be prudent to disregard them.

I have here a cutting from the London "Evening News" of the 4th March, 1920, that is to say nearly seventeen months ago: "London-New York talk in six months. Great progress in Marconi experiments." Then there is an interview with Mr. Godfrey Isaacs, who says: "We are going ahead with the construction of the wireless stations, and possibly by next autumn"—that is last autumn—"we shall be in a position to open the service." Then he is asked how quick it will be, and he replied: "Our messages travel at the rate of 200,000 miles per second." That appears to be a claim for the extraordinary speed of Marconi messages, but, as a matter of fact, of course, all wireless messages travel at the speed of light, approximately 186,000 miles per second.

The Chairman: Is not this getting into rather controversial topics?

Sir Henry Norman: This is a claim for long-distance wireless. Then he says: "We are going to bring every country in the world into telephonic communication with each other."

The Chairman: Do not let us get into that. We shall be here until Doomsday if we start on controversies with the Marconi Company.

Sir Henry Norman: I bow to your decision; but it was a claim for long-distance telephony, and I was going to say that no independent scientific man in the world would support that at the present time for a moment. For a long time to come high-speed wireless telegraphy will be the practical and economic procedure; and I may add that speed will largely increase. The Imperial scheme will begin with ninety words a minute, and, for my part, I confidently expect to see it worked some day at far more—at 500 words a minute; and higher speeds than that have been done experimentally.

At any rate, I venture to submit that this is the conclusion of the whole matter so far as regards my argument; if you desired to erect stations for wireless telephony alone, you would erect precisely the stations which will be erected for the Imperial scheme, and therefore, there is nothing from the point of view of telephony to modify the proposal now before you. The stations will be ready for wireless telephony as soon as technical progress has rendered it practicable.

The Chairman: Would you care to speak on the subject, Dr. Eccles?

Dr. Eccles: I can only support Sir Henry Norman, but I should like to point out that beside what he has mentioned there is the considerable difficulty of not being able to talk both ways at once, at present, successfully. The people at the two ends have to take turns, as in using a speaking tube, and very frequently they fall into Technical
disadvantages.

confusion, especially if they are rather excitable people. On an ordinary line telephone you may, if you wish, talk at the same time as the other man, but you cannot do that at all with a wireless telephone at present. Experiments have been tried, up to 50 miles, and it was a great effort to keep them going.

Mr. Hughes: What exactly do you mean? Do you mean that a message cannot be going both ways at the same time?

Dr. Eccles: You have to switch to and fro between speaking and receiving. When you put the switch one side you can hear the other man, and then you put it on the other side and you can speak. It is really like a speaking tube; it does not work both ways.

Sir Henry Norman: You always have to announce that you are speaking. When you are listening, for instance, between Lympne and Croydon you hear this, "Croydon changing over"; then you hear what is called the carrier wave, and then you hear, "Lympne speaking. Lympne changing over." They have to announce when they are speaking or receiving.

Dr. Eccles: The other point I should like to emphasise is the difficulty of making room for wireless telephony at present, especially in the congested European area. Take as an analogy the piano, and suppose you send messages, dots and dashes, on say the middle D; then another man can send dots and dashes on E; and another on C; and they do not interfere with each other; but if you were telephoning you would find if you tried to work on D, that you would monopolise a great many notes on each side.

Mr. Hughes: Do you monopolise the whole keyboard?

Dr. Eccles: No, but you might say, from B to F.

Mr. Massey: A much bigger compass?

Dr. Eccles: Yes, a much bigger compass is taken up.

Mr. Hughes: Are they endeavouring to overcome that?

Dr. Eccles: Yes, and it will be overcome, but it is not yet. Immediately the Imperial stations are erected they could be utilised for the trials of new designs and apparatus for overcoming these difficulties.

Mr. Hughes: There is no doubt at all, is there, that wireless telephony is practicable for ranges of 2,000 miles, the distance between the stations in this wireless chain?

Dr. Eccles: I do not think you would get a good service: you could more easily get a good service over 4,000 or 5,000 miles with telegraphy than you could over 2,000 miles with telephony, and as we cannot get a perfect service for six hours a day over 5,000 miles at present, one would argue that one could not get a twenty-four-hour service on the telephone over 2,000 miles—perhaps not over 1,000 miles for twenty-four hours a day.

Sir Thomas Smartt: The power which would transmit telegraphy over 2,000 miles would want to be increased threefold in order to transmit telephonic communication?

Dr. Eccles: Yes, at least threefold.

Mr. Massey: Will you explain the limitation of hours? I do not understand everything about that.

Dr. Eccles: The rising and setting of the sun has a very great deal to do with it. I suppose that the rising and setting of the sun provokes electrical disturbances as well as others that are visible to us: it provokes invisible electrical disturbances which really were not known until wireless telegraphy was invented and began to be used. These electrical disturbances were an unforeseen obstacle. They are serious, and in a country like Egypt you will find that messages can be received from moderate-sized stations in Europe only for perhaps eight hours in the day. It is usually from 6 o'clock in the morning until a little after midday in Egypt, but it varies with the season.

Mr. Hughes: Over what distance can wireless telephony be relied upon at present?

Dr. Eccles: They have not been quite certain, even with the most powerful station, of guaranteeing communication one way 1,200 miles. A classic case, I think, was when President Wilson was crossing the Atlantic; he was communicated with on several occasions, in fact on a good many occasions, from the New Brunswick station, and the maximum distance I think was about 1,800 miles, but that was erratic; it was fitful after 1,000 miles.

Wireless
Telephony.

Mr. Hughes: That is more than two years ago now?

Dr. Eccles: Yes.

Mr. Massey: When the Peace Conference was sitting?

Dr. Eccles: Yes.

Sir Thomas Smartt: Do you think it is impossible or improbable that within a reasonable period of time improvements of such a character will take place that you will be able to transmit telephone messages over a much longer distance than now? Is it quite in its infancy?

Dr. Eccles: There is great promise already appearing. Even the last three or four months have seen new promise arise for efficient telephony without occupying such a wide band of the scale of wave-lengths, and that will enable the thing to be utilised very much more than would have been otherwise possible in congested continents.

Mr. Hughes: Do you know over what distance you were conducting your experiments, Sir Thomas?

Sir Thomas Smartt: 200 to 210 miles

Mr. Hughes: And you heard it perfectly?

Sir Thomas Smartt: We had a great many messages, and we had the telegrams read from the morning paper, and the numerals repeated backwards and forwards, and the alphabet, and everything, and from the time we started to the end there was not the slightest possible hitch.

Mr. Massey: Will you explain what you mean by wave-lengths, please? These are technical terms which laymen know very little about.

Dr. Eccles: The other way of speaking of wave-length is to speak of frequency. You can say that the vibrations are a million a second, or that the wave-lengths are 300 metres—approximately 300 yards—or half a million a second frequency would equal 600 metres, while 100,000 a second would be 6,000 metres. It is about 6,000 metre wave-lengths, or 100,000 vibrations per second, which is used in most modern stations of large size.

Mr. Hughes: Do you express the frequency in terms of metres?

Dr. Eccles: The one is the reciprocal of the other in the mathematical sense; you can utilise which you like in speaking.

Mr. Massey: The vibrations carry the sound?

Dr. Eccles: They cause the electrical waves and these carry the sound waves on their backs, so to speak.

Sir Henry Norman: The speed between point and point always being a fixed quantity.

Sir Thomas Smartt: I suppose only instruments which are tuned up can take the messages?

Dr. Eccles: The tuning has to be very accurate for telegraphy, and less accurate for telephony, that is to say, to put it the other way round, people can keep away from interference easily in telegraphy, but it is more difficult to keep away from interference in telephony, because the telephone is not so sharply tuned; it spreads over a greater band of frequencies.

Mr. Massey: As a matter of fact, you still consider telephony in an experimental stage, do you not?

Dr. Eccles: For short distances it is approaching something that can be used—say for 50 miles or 60 miles—and it might be very useful between small islands where

Wireless
Telephony.

you did not wish to lay a cable. It would be quite practicable now even up to 100 miles if you do not want to get across every hour of the day. In those circumstances it would be quite practical to instal stations now, but at present it is not practical over 1,000 miles in temperate latitudes, and much less so in tropical and sub-tropical latitudes.

Mr. Hughes: If a receiving station is tuned to 300 or 600 metres—it does not matter which—can it pick up messages which are sent on a different wave-length?

Dr. Eccles: No, not if it is a good modern apparatus. It would not be interfered with by apparatus so very different as you have mentioned; for instance, apparatus of 600 metres will not interfere with apparatus of 660 metres, but it would interfere with apparatus tuned to 620 metres, and would interfere more with apparatus tuned to 610 metres. The interference grows as you get nearer to the true tune.

Possibility of a
secret form of
wireless
telephony.

Mr. Kellaway: On the question of secrecy, may I ask whether there is any prospect of getting over that difficulty of publicity in wireless telephony? Are experiments being made on that line?

Dr. Eccles: No. There seems to be no way out of having a conversation without it being broad-casted.

Mr. Hughes: That applies to wireless telegraphy too, does it not?

Dr. Eccles: Yes, but you can more easily code a message than you can a conversation. You can, of course, after coding the message, recite the figures, but then you are “no forrarder” than with telegraphy, and in fact it is not so quick.

Mr. Hughes: No, I suppose that would be so, although I should think you might gain a little.

Sir Henry Norman: In connection with that, speed gives you additional secrecy. If you get a telegraphic message at 100, 200 or 400 words a minute, you require a very elaborate and a very scientific station, with trained operators, to receive it. It would be quite beyond me at my station, or any ordinary ship or shore station, to listen, because of its very high speed.

Speed of wireless
communications.

Sir Thomas Smartt: Is it likely that you will get 400 or 500 words a minute, because if my memory serves me aright, in the memorandum that we got with regard to these special 2,000-mile repeating stations which we were discussing the other day, the statement was that the despatch would be about 50 to 100 words a minute?

Sir Henry Norman: I think ninety was the figure given.

Sir Thomas Smartt: Now you say 400 to 500.

Sir Henry Norman: I say at the present moment the speed proposed for the Imperial Wireless Scheme is ninety words a minute, but knowing the developments and what is being done, I think we may look forward to very much higher speed within the next year or two.

Dr. Eccles: In clear intervals it is at present possible to send words at rather higher speeds, but only in perfectly clear intervals.

Mr. Hughes: What is a high rate of speed for the multiplex instrument in the ordinary wired telegraphy?

Dr. Eccles: One can do 400 or 500 words a minute.

Mr. Hughes: What progress has been made in rapidity of transmission in this last five years in wireless?

Dr. Eccles: From say eighty words a minute, which was reckoned very big in 1913 to be successful, to 1,000 as a trial matter during this past year or two, but that was a mere trial for a short time.

Sir Henry Norman: The Post Office is working wireless to Berlin now at fifty words a minute with the longest land control, I think, in the world, from the Central Telegraph Office to Stonehaven near Aberdeen. The machine through which a tape runs at the Central Telegraph Office works the arc at Stonehaven near Aberdeen, and it is read in Berlin; and they are working that now at fifty words a minute. I think that is the longest land control existing anywhere.

Mr. Hughes: I do not know whether you have a resolution about this, Sir?

The Chairman: All that is needed is that the Postmaster-General should undertake to supply to the Governments of the Dominions and India a technical report showing the present position and possibilities of this branch of wireless communication, with special reference to its application to the purposes of Government, and I presume showing that it fits in with the general scheme of wireless stations as we have proposed them. Would you be willing to do that, Mr. Kellaway?

Wireless
Telephony.

Mr. Kellaway: Yes, I am willing to do that. I also feel that something more is needed in the way of research and experiment. The prospects of it are unlimited. If you can get over the difficulties which have been referred to, the advantages must be overwhelming and something more needs to be done, I think, by the Governments collectively in the way of experiments with wireless telephony. We can and will supply to the Dominions all the information we have as to the technical developments.

Sir Thomas Smartt: Including the costs?

Mr. Kellaway: Yes, I shall never leave costs out of account.

Mr. Hughes: Let us look at this thing as a practical question. By whom were wireless telegraphy and telephony invented, or discovered, or at any rate made possible? Where are we to look for experts who are to pilot us over these unknown seas? It is very inconvenient that we cannot hope to secure the co-operation of those who are interested in the Marconi Company, because Sir Henry Norman has some sort of feud with the Marconi Company, and everything that comes out of Marconi is bad.

Sir Henry Norman: No, that is not so. I must be permitted respectfully to protest strongly against that statement. I have no feud whatever with the Marconi Company. I know a good deal of the work of the Marconi Company, and I have the greatest respect for a great deal of the work that it is doing. I know of the work that has been done by its technical officers, and I have great respect and admiration for much of it. My opposition has always been simply and solely to the acquiring of a world-wide monopoly by the Marconi Company. That I have opposed from the beginning, and that is my only quarrel or feud with them.

Opposition to
Marconi
monopoly.

Mr. Hughes: That, of course, is a very proper ground to take, and it is one in which we can join with Sir Henry Norman. We are all opposed to monopoly. To be opposed to monopoly is one thing, to be opposed to progress is quite another, and I was very pleased to hear that the Postmaster-General did not regard the resolution as of itself sufficient. It does not carry us very far, does it?

The Chairman: What resolution?

Mr. Hughes: The one you speak of.

The Chairman: Merely asking him to provide information on wireless telephony.

Mr. Hughes: I am talking about that. I assume that the Postmaster-General, if he had anything to tell us other than what Sir Henry Norman has said, would add something to what has been said by Sir Henry Norman and Dr. Eccles. We must assume that the position is as stated by Sir Henry Norman and by the experts.

Mr. Kellaway: I might have placed the emphasis differently, but I think the facts are as they have stated them.

Mr. Hughes: I am not in a position to question anything that has been said at all, but I do think we ought not to accept some of the conclusions which, although not expressed in words, are nevertheless to be deduced from what has been said. I think the possibilities of wireless telephony are very considerable. I do not accept for one moment the position that this publicity is an incurable defect. At present it is a defect, and a very grave one, and I am bound to say I do not see what advantage you would get by telephoning along a series of relays which you could not get with very much less trouble and very much greater secrecy or privacy by telegraphy; but I think one ought to have sufficient faith in science to believe that it is not an incurable defect, and we could find a remedy. To those who live in the remoter parts of this Empire it is most important that we should improve communications by wireless telegraphy and telephony, and I do hope that we can have a more optimistic representation of the facts, a more optimistic declaration

Need for progress.

**Wireless
Telephony.**

put before us. Of course we want to know the facts, and it is as well to face them even if they are unpleasant. I think we might add something to the proposed resolution which would cover what the Postmaster-General has suggested, and which would influence the employment of experts for this purpose. Perhaps some words can be devised.

*Radio Research
Board.*

Mr. Kellaway: Perhaps I should add that the Radio Research Board, which is a Government body, has the duty of co-ordinating all the experience and the experiments which at present are going on, but I rather think that that is confined to Government Departments, and it is the fact that in wireless telephony the Marconi Company is ahead of anybody else. Their wireless telephony is ahead of anybody else's; they are getting together a commercial system, and if some way could be found by which the Radio Research Board, or some body representative of the Governments, could co-ordinate all the experience which is being obtained or could be obtained, that would be a good thing.

Mr. Hughes: That is the most helpful suggestion yet. I am bound to say that that reference which Sir Henry Norman read out to us from a paper of March of last year left the impression in my mind that we were chiefly concerned here to point out that nothing good could come out of Marconi; but now the Postmaster-General says that their system is much ahead of anybody else's.

Mr. Kellaway: In telephony.

Mr. Hughes: I am speaking of telephony. It will be a very good thing if we can gather into one body the experts available, both those at the present moment in the Government and those in Marconi, and we might perhaps then hope for a more speedy solution of our difficulties.

Sir Thomas Smartt: I think that is your idea, Sir Henry, is it not?

Sir Henry Norman: Yes.

Sir Thomas Smartt: In this research you would co-ordinate all the scientific information that you possibly could secure, no matter from what source it might come?

Mr. Kellaway: Yes, I am moved to that by the fact, which I do not think is doubted, that in wireless telephony Marconi's are ahead of Government Departments, that is to say, they are nearer getting to a commercial service.

Mr. Massey: It is not practicable.

Mr. Kellaway: No, but if the Radio Research Board were asked to enlarge their field of enquiry and co-ordination so that we could supply to the Dominions the information being obtained not only by Government Departments but by other experimentors, I think that would be the first step.

Mr. Massey: I take it we shall be supplied with all the information available?

*Discussion on the
resolution.*

The Chairman: I think we might pass a resolution on these lines: That the Committee takes note of the fact that the proposed Imperial stations should be so constructed as to be available for wireless telephony as soon as a technical progress has rendered this practicable, and asks the Postmaster-General to supply a technical report as to the present position and possibilities; and then there is this third point of yours about research. We might make it into a tripartite resolution.

Mr. Hughes: I object to the first part of that, because it prejudices the whole question.

The Chairman: I am quite ready to withdraw it, if you object.

Mr. Hughes: I have not yet been made a convert to these proposals of Sir Henry Norman's.

The Chairman: They are not Sir Henry Norman's.

Sir Henry Norman: I have made none.

The Chairman: They are not proposals of Sir Henry Norman's, they are proposals of Dr. Eccles's Committee which designed all these stations.

Mr. Hughes: They are proposals of the Norman Committee.

The Chairman: On the authority of his Committee.

Wireless
Telephony.

Mr. Hughes: Of the Norman Committee?

The Chairman: No, the Norman Committee was a Committee on Imperial Communications, but the Technical Committee which raises all these scientific questions has been specially put by the Cabinet under Dr. Eccles, and is a sort of independent committee, and both of those are under my general charge.

Mr. Hughes: Then may one ask Sir Henry Norman in what capacity he comes here? As an adviser—on what?

The Chairman: He is the Vice-Chairman of the Imperial Communications Committee. That has been the Committee over which Lord Milner presided, and over which I now preside. There has been a Technical Sub-Committee headed by Dr. Eccles which was appointed about a year ago by the Cabinet in order that the purely technical aspects of what is the best form of wireless, and so forth, should be investigated by a purely expert Sub-Committee.

Mr. Hughes: Has not that been adopted by the Committee of which Sir Henry Norman is Vice-President?

The Chairman: The special work of this Technical Committee has been endorsed by the Committee over which I preside.

Mr. Hughes: Of course you are not going to make me reflect upon you, because it is a very obvious thing, with all due respect to you, that you are in much the same position with regard to these matters as I frequently am myself. I am president of a great number of boards, the conduct of which I must hand over to other people, and although, of course, I have to take responsibility for their work on the floor of the House, I am not going to make you responsible for this, because I know that naturally you cannot be.

The Chairman: As a matter of fact it is only a month since it was placed in my hands, and I have since then taken an active part in supervising this body, without of course attempting to enter upon the technical details.

Mr. Ballantyne: I have no objection to this resolution.

Mr. Hughes: Certain proposals were put before us, and were adopted apparently as coming from this Committee on Communications, and as I do not agree with the proposals, no matter where they emanated from

The Chairman: They were adopted by the Cabinet before I became Chairman of this Committee.

Mr. Hughes: They are submitted to us, but we are not necessarily to be bound by them.

The Chairman: I perfectly agree that Mr. Hughes is absolutely free, of course, not to put up any station in Australia, or to put up a different kind of station. We have no opinion on that point at all.

Mr. Hughes: I am quite well aware of that, but the point I want to make is that it has been remitted to the Imperial Cabinet, in whose hands it is, or will be.

The Chairman: Certainly, in this sense, that if we are able to agree upon an Empire scheme we will have an Empire scheme and we will go ahead; but if, for instance, you stand out, and you will not have it, and cannot agree, then it will rest with you to propose another form of scheme, and if we do not like that scheme we will have to go as far as we can with our own separately; but it would be a great disaster.

Mr. Hughes: I do not want to anticipate discussion in the Conference; I only want to say that I am quite willing that this matter should be referred to a Committee, and we should get all the information available from all the experts.

Mr. Kellaway: Only as regards telephony?

Mr. Hughes: Yes.

Mr. Kellaway: I am not raising any question about telegraphy, I am in agreement with the proposal entirely.

Mr. Hughes: There is reference to telegraphy in the scheme.

The Chairman: We will leave it out. I said ten minutes ago that if you do not like it I will leave it out. I put it in because I thought you would wish it, but if you do not, it is out.

Sir Thomas Smartt: Is there not another important matter for your Committee to decide (and it is one of the main things that the Committee put forward), that in any scheme of wireless telegraphy throughout the Empire which will be used for strategical purposes you have very carefully to consider whether it is not necessary to keep it under the control of the Government, or whether, if it is put in any way into the hands of a commercial company, it is not necessary that the Government should maintain complete control over such company?

The Chairman: Yes.

Sir Thomas Smartt: To my mind that is an extremely important thing

Mr. Ballantyne: I agree.

The Chairman: Do you want a resolution drafted on that point?

Mr. Massey: I think we have arrived at an understanding.

Sir Thomas Smartt: I think the Conference ought to decide that. To my mind it is extremely important. You would be certain, if any trouble did break out, that the Empire scheme of wireless telegraphy would be absolutely controlled by the Governments within the areas, and be used for Empire purposes.

The Chairman: We are only on telephony at the moment, but that would apply to telephony and telegraphy.

Mr. Hughes: How would the resolution read now?

The Chairman: I was going to suggest that the Postmaster-General should draft it. It will be a bipartite resolution containing in the first part, that the Postmaster-General is asked to supply a technical report, and so on, and in the second place, something about the arrangements which he had in mind for research. Perhaps Mr. Kellaway will do that while we pass on to something else, and then we can pass that at the end.

Mr. Ballantyne: Speaking for Canada, in a word, I am very grateful for what Dr. Eccles and his experts have done, and we will gladly receive all the information with which the Postmaster-General has kindly offered to supply us. I think the Oversea Dominions ought to feel abundantly grateful for all this expert and technical work which has been carried on. It is a great advantage to me, anyway, I know that.

The Chairman: Does anybody else wish to speak? Very well. We thank you very much.

Mr. Hughes: Look what this report says: "On the 24th November, 1919, we were appointed by yourself, with the approval of the Cabinet, as the Imperial Wireless Telegraphy Committee, to prepare a complete scheme of Imperial wireless communications in the light of modern wireless science and Imperial needs, and in doing so to consider" so and so. "The conclusions we have reached and the recommendations we make will be found summarised at the end of this report." When I said this was a report of the Norman Committee I was told it was not, but there it is. The names are: The Right Hon. Sir Henry Norman, Chairman; Mr. F. J. Brown, Dr. W. H. Eccles, Rear-Admiral F. L. Field, Professor Sir Joseph Petavel, Sir John Snell, Mr. James Swinburne and Mr. L. B. Turner.

The Chairman: There were two stages; first of all the drawing up of a general report, and then the creation of a Technical Committee under Dr. Eccles.

Mr. Massey: The subject was telegraphy in the first instance, not telephony.

The Chairman: It was nothing to do with telephony at the moment. Now if we have agreed on the telephone business, we can settle our differences in the Conference.

Mr. Hughes: We shall have this resolution as soon as the Postmaster-General has drawn it up?

The Chairman: Yes. We shall not want the wireless experts any more.

(Sir Henry Norman and Dr. Eccles withdrew.)

(Later)

**Wireless
Telephony.**

Mr. Kellaway: I can give you the sense of the Wireless Telephony Resolution now:—

*Terms of the
resolution.*

“That the Postmaster-General shall supply to the Governments of the Dominions and India technical reports showing the position and possibilities; that the Radio Research Board should be asked to investigate the subject of wireless telephony and to report on its developments whether carried on by Government Departments or private enterprise.”

Mr. Massey: I accept that, of course. It is comprehensive enough.

Mr. Kellaway: Subject to some alteration in phraseology that is the sense of it.

(On the return of Mr. Hughes who had been called out of the room)

Mr. Kellaway: This is the resolution which I have drafted:—

“That the Radio Research Board be asked to investigate the subject of wireless telephony, and to report on its development, whether Governmental or private. That the Postmaster-General shall supply to the Governments of the Dominions and India technical reports showing its position and possibilities.”

Sir Thomas Smartt: That is the most important thing we have done.

The Chairman: I am informed that the Prime Minister proposes to have a meeting of the main Conference to-morrow at 11.30 A.M. at 10, Downing Street.

Mr. Hughes: I can agree to this resolution of Mr. Kellaway's.

The Chairman: The next question which we have to discuss is nationality.

Nationality.

Mr. Massey: What is the point there?

The Chairman: The Home Secretary is here and will explain the point I will read out the resolution:—

“The Committee having considered the memorandum prepared in the Home Office regarding the nationality of the children born abroad of British parents, commends the principle of the proposals contained therein to the favourable consideration of the Governments of the Dominions and India.”

If we are not able to agree upon that we will have to let it stand over. I understand Canada has an objection to it, but perhaps the Home Secretary will make a statement. I do not know what they recommend, but I think we can very well pass such a resolution.

Mr. Shortt: I understand that Canada objects.

Mr. Ballantyne: This is the first I have heard of it. Do you say you have had an official objection?

Mr. Shortt: No, we have not heard of any at the Home Office.

Sir H. Lambert: I think that there has been some misunderstanding. I understood that Canada would not be able to discuss the technical points in detail. I did not mean to indicate that Canada had any objection to this resolution as the resolution stands.

Mr. Ballantyne: I do not see any objection to this.

The Chairman: Do you see any objection, Mr. Sastri?

Mr. Sastri: No.

The Chairman: Do you, Sir Thomas?

Sir Thomas Smartt: No, I am entirely in favour of it.

The Chairman: Then it is passed. Thank you, Mr. Home Secretary, for your attendance.

(Later.)

The Chairman: I think you agreed to the resolution about nationality.

Mr. Hughes: Yes.

Empire Patents.

The Chairman: Now we will deal with patents.

Mr. Hughes: I suggest that a Conference of experts should be appointed to discuss this. If it is decided to appoint a Conference the Commonwealth will be represented by its expert on commercial patents.

The Chairman: You will have a representative?

Mr. Hughes: Yes.

The Chairman: This is the actual form of the resolution:—

“The Committee recommends that a Conference of Representatives of the Patent Offices of His Majesty’s Dominions shall be held in London at an early date to consider the practicability of instituting a system of granting patents which should be valid throughout the British Empire.”

Mr. Hughes: Quite so, I will agree to that.

Mr. Ballantyne: I have no objection.

The Chairman: Have you anything to say about it, Mr. Massey?

Mr. Massey: I agree.

The Chairman: Do you, Sir Thomas?

Sir Thomas Smartt: Yes.

(Mr. Massey withdrew)

Mr. Sastri: In this Empire patent resolution the words are “of His Majesty’s Dominions”: would that include India?

The Chairman: Yes, that includes India. Do you want to put in “and India”?

Mr. Sastri: I do not care if the resolution includes it.

The Chairman: If it said “the Dominions” it would be different, but “His Majesty’s Dominions” covers it. It does not even mention England.

Mr. Sastri: Very well.

**Press Cable and
Wireless Rates.**

The Chairman: There is one other resolution that I was going to ask you to pass. It is a very harmless one: “The Committee has considered the representations made to it on the 13th and 14th July on behalf of the Empire Press Union and the Newspaper Proprietors’ Association. The Committee agrees with the resolution passed at the second Imperial Press Conference held at Ottawa in 1920, that any assistance given by the Governments of the Empire towards the reduction of rates for press services by wireless and cable should appear specifically in the estimates of public expenditure, and should be so directed as not to affect the quality of the news service supplied or the freedom of the newspapers so served. The Committee is in full sympathy with the object of reducing rates, both by cable and wireless, for press messages, and recommends the most favourable examination by the Governments concerned of any practicable proposals to this end.” I think we can pass that. What do you say, Sir Thomas?

Sir Thomas Smartt: Yes.

Mr. Ballantyne: Yes.

The Chairman: And you, Mr. Sastri?

Mr. Sastri: Yes.

The Chairman: I am informed that Mr. Massey will agree, and in Mr. Hughes’s absence we will assume that he agrees to this, unless he lets us know to the contrary.

(Later.)

The Chairman: I was hoping that you would agree to this resolution (reading the resolution on Press Cable and Wireless Rates). Everyone else has agreed to it.

Mr. Hughes: If I said all that I think about that it would take too long, but I suppose I must agree to it.

The Chairman: Then that concludes our business.

SECRET.

E. (S.C.) 7th Meeting.

103

STENOGRAPHIC NOTES OF A MEETING OF REPRESENTATIVES OF THE UNITED KINGDOM,
THE DOMINIONS AND INDIA, HELD AT THE COLONIAL OFFICE, ON FRIDAY, JULY 29,
1921, AT 11.30 A.M.

Present :

The Right Hon. W. S. CHURCHILL, M.P., Secretary of State for the Colonies <i>(in the Chair).</i>	
Captain the Right Hon. F. E. GUEST, D.S.O., M.P., Secretary of State for Air.	The Hon C. C. BALLANTYNE, Minister of the Naval Service and of Marine and Fisheries, Canada
	The Right Hon. W. M. HUGHES, K.C., Prime Minister of Australia.
	The Right Hon W. F. MASSEY, Prime Minister of New Zealand.
	General the Right Hon. J. C. SMUTS, K.C, C.H., Prime Minister of the Union of South Africa.
	The Hon. Sir THOMAS SMARTT, K.C M.G., Minister of Agriculture, Union of South Africa.
	Colonel the Hon. H. MENTZ, Minister of Lands and of Defence, Union of South Africa.
	His Highness the MAHARAO OF CUTCH, G.C.S.I., G.C.I.E.
	The Hon. SRINIVASA-SASTRI.

The following were also present :

Sir GEORGE BARSTOW, K.C.B., Treasury.	Lord GORELL, C.B.E., M.C., Under- Secretary of State for Air.
Commander E. HILTON YOUNG, D.S.O., D.S.C., M.P., Financial Secretary to the Treasury.	Major-General Sir F. H. SYKES, G.B.E., K.C.B., C.M.G., Air Ministry.
Sir JAMES STEVENSON, Bart., Colonial Office.	Colonel A. J. L. SCOTT, C.B, M.C., A.F.C., Air Ministry.
Mr. J. H. LOVELL, Assistant Government Director of Indian Railway Com- panies, India Office.	Mr. L. C. CHRISTIE, Legal Adviser, Department of External Affairs, Canada.
	Colonel S. H. WILSON, C.B., C.M.G., Principal Assistant-Secretary, Com- mittee of Imperial Defence.

Secretariat :

<i>United Kingdom.</i>	<i>South Africa.</i>
Sir HENRY LAMBERT, K.C.M.G., C.B., Colonial Office.	Mr. G. BREBNER.
Mr. E. J. HARDING, C.M.G., Colonial Office.	<i>India.</i>
Mr. G. H. CREASY, Colonial Office.	Mr. G. S. BAJPAI.

Imperial Air
Communications.

The Chairman: Gentlemen, the object of our meeting this morning is to discuss the report of the Imperial Air Communications Committee. The Committee have had a substantial task before them. I am sure the Dominion Representatives will be agreed that this task has been carried through with great promptitude by the Committee. They have had a very large subject which they might easily have discussed for weeks without coming to any conclusion, but they have presented us in a compendious form with their conclusions by making great efforts and sitting very frequently during something less than a week. I do not think the British Government Representatives need say much on the subject until we have heard what are the views of the Dominion Prime Ministers, but the Secretary of State for Air would like to say a few words first.

Report of the
Committee.

Captain Guest: Mr. Churchill, the Committee met four times and have presented to you the report which is in your hands, but there are one or two points of elaboration and explanation that I think I should make in order to enable the Prime Ministers to appreciate more fully the alternatives which lie before them.

I would first of all like to say that in Parliament we are being pressed day by day for a decision on this matter owing to the fact that the Government policy to shut down the airship service on August 1, which is next Monday, remains unaltered. I have gone so far in Parliament as to say that, of course, nothing will be done on Monday which would prejudice the decision, but, at the same time, my instructions are to fulfil that undertaking, and, therefore, time presses heavily.

Another general point is this, that it would be of great assistance to us here in England, whatever may happen in the future to airships, if we obtained the permission of the Conference to publish this report, not so much for the value of any recommendations which it may contain, but for the fact that it does contain, and would make public for the first time, really valuable figures upon which any company, either present or future, could base their views and their schemes. These two are the points which press at the moment.

The terms of reference, it will be remembered, were very specifically narrowed down and would have prevented us, unless we had taken some latitude, from proceeding beyond indicating the utility of the existing fleet; but we thought that, having dealt with that first, you would approve of our going a little bit beyond, and, in a paragraph which I will refer to later, we have clearly outlined the possibility of future developments which of course include a new construction programme. The next point is that we have, all the time, been overshadowed by the fact that we have a prospectus out, issued to the public, and have, at the same time, had to consider any approaches that we have had from outside sources on the lines of the Government prospectus. The reason why we have made reference in our report to those offers, which was also not asked for in the terms of reference, is due to the fact that all those schemes appeal for Government assistance in a very definite form one way or another and that therefore the decision of the Prime Ministers when it is arrived at, either to deal with the matter by Government action or to deal with it by civil company proposals, involves their financial assistance in both cases. That is our explanation for having in several paragraphs towards the end dealt with the civil proposals.

The general "caveats" I would like to ask you to bear in mind before forming any opinion on the report are these, first, that even the existing fleet is insufficient for any Imperial scheme partly due to the fact that it is rather a motley fleet. We have one very big ship that would take in the region of six months to put into commercial activity. We have another very good ship damaged, which means some months for repair, R. 36; we have R. 37 within 15 per cent. of completion and R. 33 rather on the small side. So, therefore, in framing in one's mind what the existing fleet could do, it must be borne in mind that this fleet would be quite insufficient for anything in the nature of a fully developed scheme, and must be treated largely as a useful and very valuable indication and demonstration of what could most certainly be accomplished if the wider programme was accepted. We then thought it reasonable to make you one recommendation only of a very particular character. It is that, quite apart from what scheme you may adopt at the commencement . . .

Mr. Hughes: Where is the recommendation? I was looking for it.

Captain Guest: It is in paragraph 6. I mention it because we were not asked to give a recommendation, but we thought it our duty to state in broad general terms that the best hope of ultimate success must lie in private enterprise at whatever

moment it may be possible and feasible for the public to come to the rescue and to shoulder the burden

Imperial Air
Communications.

Mr. Hughes: That is for a permanent scheme?

Captain Guest: That is for a permanent scheme. Another general consideration I would like you to bear in mind is that dealing with the existing fleet. We have more particularly studied it from the point of view of the carriage of passengers and of mails. The cargo carrying capacity of the existing fleet, as anyone can see, is very limited. I am explaining the report as I go along. We next considered the matter as in paragraph 8. It can be reduced to a few sentences. We felt that the Prime Ministers might be inclined to ask us to delay any decision until they had had an opportunity of presenting the schemes and thoughts to their Parliaments, and that a reasonable delay of six months might be undertaken by the British Government in order to give them more time to form their plans. We mention this particularly because Mr. Hughes, I think, put a request to us whether action could be delayed on the present Government's policy of closing down on August 1, until more time had been given to the consideration of the subject. We therefore thought it necessary to draw your attention to what would be the real cost of any such delay. A six months' delay, being about the shortest time which would probably serve your purposes and a period in which some useful work would be undertaken (for instance, the commissioning of the existing fleet might be very nearly accomplished in those six months of delay and a good many more experiments might be concluded) would cost us £232,000. Therefore, we feel it necessary to bring to your notice that a very big expense would be involved even if we just marked time until you had had more time to arrive at a decision. But that period is no good from the point of view of any real intention to proceed. The shortest period that we think would be of any real value at all would be one year. We do not recommend it. We can tell you how the year would be spent, more particularly if it were a stepping-stone to a further period, which is what I hope the Committee will bear in mind through these few remarks I am making. During that year, towards the end of it, we could have a temporary service to Egypt. It would be a monthly service. The plant in Egypt would consist of a permanent mooring mast, but there would be no shed. A monthly flight from England to Egypt could be accomplished towards the end of the twelve months. The moment, however, you step into a two-year period you then get into the realm of very considerable undertaking and result. Before going into the two-year period I should mention that the one-year period would cost us £540,000. Passing to the two-year period we could undoubtedly in the second year complete an Egyptian base, and you could show in that period the first definite link of Imperial communications, whichever way you mean to go, towards the East, and eventually to India, or to South Africa or to Australia, that would be an accomplished fact. Every movement would take place from the completed Egyptian base whether in the direction of India or of South Africa. The work would be very much of an experimental nature in regard to Egypt if we undertook the one-year period; but with the two-year period you would get the first definite link in the chain.

Probable progress
in one year.

Progress in second
year.

General Smuts: That would include the link of a real base?

Captain Guest: Yes.

General Smuts: The base is part of the two-year programme?

Captain Guest: Yes. We would give you the first link complete, and beyond that, wherever we got the advantage of help, *e.g.*, by South Africa putting up a mooring mast, or Mombasa putting up one, or Ceylon, or even Australia commencing operations, we should soon begin to be able to give demonstrational flights beyond Egypt.

Mr. Massey: Do you intend to have a station at Ceylon?

Captain Guest: The programme would be discussed if an opinion was arrived at on the general subject.

Mr. Hughes: Following that out a little, does not the extent of the flights, if you have got to Egypt, depend upon putting up the mooring masts? I have not had an opportunity of looking very carefully at this report. Do you say how long it takes to put up a mooring mast?

Imperial Air
Communications.

Captain Guest: I should think in the region of six months. During this period a great deal could be done if there was assistance from the other ends. We have gone carefully into that and given estimates to your representatives who were on the Committee, so they are fully apprised of all that might be done if we on this side decided on a definite period for operations.

* Progress after
second year.

If you will let me complete the story, the expense incurred by that two-year period and the completion of the first link would be in the region of £1,400,000 (£1,339,000). That we could do with our existing fleet. The moment we get beyond the two-year period we exceed our terms of reference by having to study future developments in the light of a new construction programme, but we have laid such a programme before you so that you may appreciate what that would amount to. The further development period we have reckoned as an additional three years, making five in all, and we could, if the money was forthcoming, have a construction programme completed during that five years of twelve new ships. We took the number so as to give a calculation. We could give you a complete fortnightly service to Australia, to India and to South Africa, working from Egypt as well as from England. We have made as careful a calculation as is possible. We have in every case carried even the pessimistic members of our Committee by adding to our totals contingency sums, so, I am glad to say, the report is now unanimous. The figure which we would undertake to do this work for would be £8,000,000, spread over five years. That is our opinion.

Special flights to
Australia.

There are one or two other small points I would like to refer to before passing to the question of the approaches that we have had from several civil companies. We have undertaken, at the request of Sir Ross Smith, a calculation as to special flights to Australia which might take place during the two-year period, to enable Australia to see the ships and perhaps stimulate action from their end to facilitate and to increase the speed of the whole scheme. Those figures have been submitted to Sir Ross Smith, and he would tell you of them, particularly you, Mr. Hughes, unless you like me to go on with them now.

Mr. Hughes: I think you might. They will interest New Zealand.

Captain Guest: Given a good deal of help from the far end we think that for between £30,000 and £50,000 we could give you a ship safely landed in Australia in such a condition and with such facilities that it could be refilled and sent back to England again. It would be a demonstration flight.

Mr. Massey: That is one trip?

Captain Guest: Yes. It is not only on that trip. You would have the advantage of the machinery we are establishing in the two-year period, which means, of course, the facilities of Egypt and so forth. It would be an additional £50,000 to give you a demonstration flight to Australia in the two-year period.

Mr. Massey: Supposing you got to Australia safely and you attempted to go on to New Zealand, would it require a mooring mast there and much additional expenditure to reach the Dominion?

Captain Guest: Yes, it would require just the same amount of extra assistance that we are asking Australia to consider. It is because in the two-year period we establish the permanent base in Egypt that we are able to do this, and it would be a small extra charge on the programme of between £30,000 and £50,000. That is for two flights, not one. I was wrong.

In paragraph 14 we deal very shortly with the question of revenue. We were not asked to give much opinion on that subject.

General Smuts: Before you go to the question of revenue, I see New Zealand is not mentioned in this programme. Its inclusion would make no change, you can easily fit New Zealand into this programme, and not look upon Australia as your terminus.

Captain Guest: Yes, Australasia

General Smuts: Yes.

Mr. Massey: "Australasia" is a somewhat misleading term.

Captain Guest: Australia and New Zealand. What we say about Australia is equally true of New Zealand.

General Smuts: You would want a base in Australia and a mooring mast in New Zealand to link up with. Imperial Air Communications.

Captain Guest: In the five-year period we would have permanent stations complete with sheds and everything.

Mr. Hughes: And twelve ships?

Captain Guest: Yes.

Mr. Hughes: What is the cubic capacity of those ships?

Capacity of airships.

Captain Guest: We presume the new ones would be 4,000,000 cubic feet.

Mr. Hughes: What is the lifting capacity?

Captain Guest: The lifting capacity is fifty passengers and 13 tons.

Mr. Hughes: Of the new ship?

Captain Guest: Yes.

Mr. Massey: Does the 13 tons include the fifty passengers?

Captain Guest: No, 13 tons and fifty passengers.

There is one other point, on revenue, because this will be helpful from the point of view of publication. We have made no calculation as to what a company would charge; it would decide for itself what it would charge per ton and also per passenger; but we have set out here the carrying capacity of individual airships, and also a clear indication of what a new airship would carry, so that they may arrive at their own conclusions. *Revenue from airship service.*

The Conference may say: what about the second heading in the terms of reference, "On services by means of aeroplanes"?

Mr. Hughes: With regard to revenue, you say the figures would be useful for the purpose of publication. You have not even estimated this revenue, have you?

Captain Guest: Not the money revenue; merely the carrying capacity.

Mr. Hughes: People will say, "What does that mean?" Most things are capable of being expressed in terms of money.

Captain Guest: It is very difficult. It seemed to us much safer to indicate to the public what a ship could be expected to carry over those flights.

Mr. Hughes: Have you said here, for example, how many flights each one of these ships could make on the run between England and Africa, or England and Australia, and so on?

Captain Guest: Yes, because in perusing the report in the earlier stages you will see that in the further development period, paragraph 13, we say that given twelve ships we could do so many trips to every place. We calculated a fortnightly trip in each direction on the different routes, so they can quite easily say: that means so many trips, and so much can be carried.

Mr. Hughes: But you have not given the detail. You multiply the number of trips by each ship and you get the mean capacity of the particular ship. At the present passenger steamship rates your total passenger steamship rate is so much; then the revenue of the whole fleet, the gross revenue (leaving out upkeep) will be so much.

Captain Guest: We thought it was safer for us to leave it to a private firm to make their own calculations.

Mr. Hughes: I think it would be worth your while to do that from your own figures, and add that to your report, because it would not be anything new: you would be doing it from your own figures.

Captain Guest: Yes, we could quite easily do that.

May I say one thing on the second term in the reference, that is, on the question of aeroplanes? We were of opinion, generally speaking, that we were not called upon for an elaborate disquisition on that subject. The views of the Ministry on the development of civil aeroplane services were very clearly outlined in Lord Weir's report of nearly two years ago, and we do not see that we can deflect very much from *Aeroplanes.*

Imperial Air
Communications.

the policy outlined in that report. So far as the countries are concerned where British influence rules, we think we could open up the routes more rapidly by ordinary training and service development, and hand over, as time and safety permit, to any civil enterprise which may care to come along and follow in our train. Therefore, we have passed rather lightly over that subject, because it is not suitable for the great distances which we really had under consideration, and for which the airships alone are of any value.

Private enterprise
for airship
services.

On part II of the report, paragraph 17, headed, "Development by private enterprise," I have just one or two words to say. Generally speaking, the approaches we have had asked for assistance from the Governments in one form or another, either in the shape of subsidy, guarantee against loss, or guarantee of a fixed percentage of interest, and therefore, it is necessary for the Prime Ministers to consider that. We feel, as I said earlier, that the best hope of ultimate success is that private enterprise should come along and take this off our shoulders. That brings us up against all the economic facts in connection with shipping. We have not gone into them, but it will be well known to the Conference that if we could force the pace with a delivery of passengers and mails over great distances, a company would either have to increase the speed of their ships, or else come and join in our airship scheme, or else they would suffer from the competition. But we think we could make you a recommendation on the following lines. My own view differs slightly from that of some others in the Ministry. I would have preferred that Government action should prove the possibility of success in this enterprise by starting it, and I think that, at any rate in the five-year period, the public would have obtained confidence in what we could do, and would more readily come to our assistance and relieve us of the burden. There are others, however, who feel we should accept

General Smuts: Is that your view?

Captain Guest: Yes

General Smuts: Your view is that the Government should for the first five years undertake this work, and that thereafter, when it has passed the purely experimental stage, private enterprise should come in?

Captain Guest: Yes. It might come in even earlier.

Mr. Massey: Not necessarily a five-year period?

Captain Guest: Not necessarily a five-year period. Acting on the outline of figures, as contained in this report of the five-year period, I believe myself that the wisest plan to make a complete success would be for us to shoulder the burden to commence with, and tempt public opinion to follow behind us. But there are others who think with great strength that it would be better to invite the public to come in at the very commencement. If that is so, we are prepared to recommend you a scheme which we think would be successful. It is extracted from the two more serious reports which we have received, those of Mr. Ashbolt and of Mr. Greenhill. We think that, if a Government subsidy of £400,000 were promised for five years, after the first two payments the carrying of subsidy would be contingent on the carrying of the following minimum programme. We have elaborated a programme which in a few lines amounts to this. In the second year it would be the establishment of the regular monthly service to Egypt; in the third year the establishment of a monthly service to India, in the fourth year the continuance of the above and the establishment of a definite monthly service to South Africa; in the fifth year a definite monthly service to Egypt, India, South Africa, Australia and New Zealand. That is what we think we could get private enterprise to undertake at the present minute, given the subsidy of £400,000 for not less than five years.

Mr. Massey: A monthly service?

Captain Guest: A monthly service. It has a great deal to recommend it. It would relieve us of a great deal of the burden and the responsibility of the organisation, and the figure is a fixed figure.

Mr. Hughes: That contemplates, of course, the building of new ships; that contemplates your scheme, as it were?

Captain Guest: Yes. We should have directors on the board. We should insure that the programme was carried out. We should retain all sorts of rights of control over the withdrawal of the subsidy for breach of contract, and all the usual things which a Government does when it takes an interest in a private company.

Those are the two alternative schemes which really are the outcome of this report, from the Air Ministry point of view.

**Imperial Air
Communications.**

Mr. Hughes: If one might be permitted to say a word, I shall be very very brief. With regard to what the Minister for Air has said, this report will guide us, and be of very great value to us, but it comes to this now, that there are two alternative suggestions—or perhaps there are more, but there are two, anyhow—and both of them depend upon the British Government, with ourselves, being able to make such arrangements as will give us an opportunity, and you, too, to consult our Parliaments, if we are going to have a six-months' extension in order that we might consider either of the schemes. In all the circumstances I think it would be well that we, the Ministers of the Dominions affected, should have an opportunity to consider what we are inclined to do, or what we think our Parliaments would be inclined to do, and make a recommendation, to bring the matter up to the Conference, in order to say what we are prepared to do. We have the figures now, so I suggest that we refer the matter to the Conference, so that General Smuts, Mr. Massey, and India and myself—Canada is not directly affected in this—may have an opportunity to discuss it. It will not take us very long, in fact we have already discussed the matter this morning, and we have a certain suggestion to make. In the circumstances I shall say no more, but to suggest, or if necessary to move, that the report be received, adopted and submitted to the Conference.

*Recommends
submission of the
report to the main
Conference.*

Mr. Massey: I agree with the suggestion that has been put forward by Mr. Hughes, that this matter has reached the stage when it may probably be very much better, as I think it will be, to refer it to the Conference. I would just like to say, so far as the report is concerned, that it is a particularly good report, and very encouraging. I have been somewhat sceptical right along as to the possibilities of an air service, and I am somewhat sceptical still. All the same, we have got to shorten the distances—when I say “shorten distances” I mean shorten the time occupied in passing from one part of the Empire to another, and especially from the heart of the Empire to the oversea Dominions. It is not only important, but it is imperative, if it is possible to do it, and it must be done, whether it is done by steamships or otherwise. I think it ought to be done by steamships in the first instance, but that does not matter. It has got to be done if the Empire is going to prosper, and if it is going to keep together, and I hope that will be the case. The report is encouraging, and I think it reflects a very great deal of credit on the Committee and all concerned. So far as I am concerned (I am not going to discuss it in detail now), I shall do everything that I possibly can, as representing my own country, to give effect to the proposals contained in the report, whichever of them may be adopted.

It seems to me, looking at the matter from a practical point of view, that the first thing to be done is to show the feasibility of the proposals, and that is where the Government comes in. I doubt if it is possible for the Government to hand the business over to private individuals for quite a long time to come, and they have to go on as has been suggested. Let us have a monthly service to Egypt as soon as we can get it, and go on extending from there. It will certainly be five years before any service of the sort can reach Australia and New Zealand. I do not know whether you can have a trial trip to Australia and New Zealand; I am not sufficiently acquainted with the details to be able to express an opinion on that. If so, it would be a very good thing. It would show the people at the other end (6,000,000 or 7,000,000 of people) what is possible now, and what they may look forward to in the future. We can leave it until it goes to the Conference, as I hope may be the case.

General Smuts: I should just like to say this, that the report is a very valuable one and I think it will be still more valuable if it is used to guide and inform the public opinion. But it has been very hastily drafted, that is clear. I have had to read this document several times before appreciating the full bearing of the various proposals, and it is a question whether a little more time should not be taken to redraft the report so that the public may be able to see quite easily what the proposals are, what the stages are, what it is intended to accomplish at the various stages for a five or six-year programme. It is all lucidly put here, but I think it can be put more clearly for the public. Secondly, I would make this suggestion, if the report is published, that in it be incorporated this very important proposal which the Air Minister has now mentioned in this Conference. It will not serve any useful purpose to publish the proposals of Mr. Ashbolt or Mr. Greenhill.

*Recommends
publication of
report.*

Captain Guest: They have already been published in the papers.

Imperial Air
Communications.

General Smuts: These are suggestions of form which are not very useful to us, but what the Air Minister has said here to-day, that in the opinion of the Air Ministry it is feasible to have a form of participation by the public in a scheme which means a Government contribution of £400,000 per annum spread over a five years' programme, is a very important proposal indeed. If that scheme were added to this report I think it would serve a very useful purpose. So much for the report itself, which, I think, it is very necessary to publish. If there is one thing on which public opinion ought to be informed and guided it is on this matter of air communication. I agree with Mr. Massey that I cannot conceive anything more important for this Empire than this question of communication with which we are dealing. Other matters bulk very largely because they happen to be more easily understood by the public; but this question of long distance communications in the Empire I consider one of the most vital things, and I do not think we have discussed a more important subject than this one. I only hope it will be followed by practical action. We have been discussing these matters so long now that it is time that we got into the sphere of practical action. I know that the Prime Ministers here want to make a practical proposal to their Governments, and for that reason Mr. Hughes has made this proposal to refer the matter to the Prime Ministers' Committee; we want to make a practical suggestion which may push this matter on a good deal.

I, therefore, support the proposal which Mr. Hughes has made.

Recommends
submission of
report to Main
Committee.

Canada not
included in
scheme.

Mr. Ballantyne: As this does not include Canada there is nothing for me to say. I would like to enquire from Captain Guest if he has any idea at all of establishing a service across the Atlantic to us.

Captain Guest: We did not consider it in our Committee.

Mr. Ballantyne: The distance is shorter, is it not, than the Egypt route, for instance?

Captain Guest: We thought it was competing with a service which you have already got which runs very fast, your ship service. As a matter of fact we were not asked to elaborate upon that, but, of course, there are Canadian schemes which we can put before you quite easily.

Mr. Ballantyne: The fastest ships we have from Canadian ports to Liverpool take seven days. You will fly across in . . .

Captain Guest: In 2½ to 3 days.

Mr. Ballantyne: Yes

Captain Guest: No doubt it could be done, but there are considerable difficulties on the Atlantic which we do not get going eastward.

Mr. Ballantyne: Climatic conditions?

Captain Guest: Yes.

India.

The Maharao of Cutch: We regret that Mr. Montagu is not here this morning, but we are not authorised to undertake any commitments on behalf of India. Mr. Sastri and I both think that in a general scheme of this kind, if it is undertaken, India ought to take its part, and I have no doubt the Government of India will take the same view: but I am afraid we cannot promise more than that.

Is the Committee of Prime Ministers, which has been suggested by Mr. Hughes, to be constituted; is the matter going to be referred to the Committee?

The Chairman: Yes. I am quite of opinion that we cannot carry the matter any further here and that the proper course is to refer the report to the Conference. I will communicate that to the Prime Minister at once. If he likes to set it down on the agenda, would you propose to take it this afternoon?

Mr. Hughes: He mentioned the matter yesterday afternoon.

General Smuts: I do not think we could be ready until Monday.

The Chairman: It does not affect Canada as much as the others.

Mr. Ballantyne: It does not affect us at all, but I hope you will be able to make some suggestion.

Captain Guest: If we once get started we would soon elaborate it.

The Chairman: That is what we will do. I should like the representative of the Treasury to say a word as he has been holding a brief Imperial Air Communications.

Mr. Hughes: May I suggest this to you? We do not know whether we shall have an opportunity to bring it up this afternoon, but I feel sure that if we have that opportunity we shall be ready to make a suggestion.

Mr. Ballantyne: Monday is a holiday.

Mr. Hughes: So I hear.

Mr. Ballantyne: I am not in favour of it, but it is a well-known Bank Holiday here when everybody goes away.

Mr. Hughes: There is Sunday. It seems a pity to waste a day like that.

Mr. Massey: We ought to get on with our work in view of possibilities.

The Chairman: I will report it to the Prime Minister. Mr. Hilton Young, the Financial Secretary of the Treasury, and the Chancellor of the Exchequer's principal lieutenant, has come here this morning, adequately supported by Sir George Barstow, and I think that we should be really reckoning without our host if we were to close the topic without hearing what he has to say.

Mr. Hilton Young: In the first place I think the Chancellor would like me to say that he is sorry that he is not able to be here this morning; he has to be in the House in order to make a speech on the general balance between revenue and expenditure, which is not without its application, perhaps, to our present deliberations. For the rest, I do not think there is really anything which can very usefully be added in view of the decision which the Committee has come to, to refer this matter to the Prime Ministers.

Mr. Hughes: I do not think it would be proper to do so, because you cannot speak as to what would be the precise obligation cast upon the Government of the United Kingdom. There is a suggestion, for instance, that the public should be asked to co-operate. Then there is a suggestion of extending it for a period of six months only, and no further obligation; so until you have a definite proposition you can do nothing.

Mr. Hilton Young: Quite so. The only thing I was going to add, which has already appeared, is that the proposal which has been suggested by the Minister for Air has not yet had full consideration, nor has the Treasury considered it, and, of course, this further conference will provide such an opportunity.

Mr. Hughes: Of course, we shall have to ask our own Treasuries. They are very much like you.

The Chairman: That is what we will do. I am a supporter of any scheme which the country can afford which gives you the possibility of a *bonâ fide* air service, but I am not a supporter of any partial scheme which does not achieve a definite result, which is not backed by sufficient persistency, confidence and capital to reach the result. While I think that if we could have the money there are great possibilities, I think it would be very wrong, just because one has not got the manly quality to cut a loss and wind up an experiment to drag on for five or six months and get no result and throw away £180,000. But, of course, if the Treasury and the Dominions are ready to apply adequate sums, either by direct State action or by civil assistance, to secure a really practicable scheme, then it certainly would be a matter of the very greatest advantage and importance. It is these half measures and quarter measures that I am the opponent of, attempts to bridge a 12 ft. stream with a plank about 2 ft. 6 in. long—we have had that proposition put against us for the last two years. We have never been able to get the money to develop the airships in a way which would make them successful, and yet have always had them on our hands and the money flowing out. It is that lamentable situation which ought to be terminated now in one way or another, either by the adoption of a practical scheme properly backed with capital and energy and confidence, which is to be pursued through good times and bad for five or ten years, or else a cessation of what is pure waste and has been, for many months, pure waste. I only want to express my opinion; I shall not be present when this subject is discussed, but I should like to put it on record.

Need of a practical scheme.

MEETINGS OF REPRESENTATIVES
of the
UNITED KINGDOM, THE DOMINIONS AND INDIA.

(June, July and August 1921.)

“**E (R)**” (Reparation) Series. (Nos. 1 and 2.)
“**E (D)**” (Drafting Committee). (Nos. 1 and 2.)
“**E (S.C.)**” (Colonial Office Meetings). (Nos. 1 to 7.)

SUBJECT INDEX.

NOTES.

Each Meeting is paged separately. The figures in brackets denote therefore the page of the Meeting whose number stands before the bracket. Thus: 2 (6) denotes page 6 of Meeting No. 2.

A.

Aeroplanes: Civil Services, development of, E. (S.C.), 7 (5).

Africa, South—

Empire Settlement and Migration: Qualifications desired by: Position of other Dominions: Labour conditions, E. (S.C.), 2 (4, 5, 7).
Imperial Wireless Scheme, position of, E. (S.C.), 3 (19).
Indian settlers: South African Law of 1919 respecting, E. (S.C.), 4 (7).
Indians in, number of, E. (S.C.), 4 (8).
Political situation in, precludes adoption of resolution, E. (S.C.), 4 (18).
Political systems in, General Smuts on, E. (S.C.), 4 (3).
Recent history in, E. (S.C.), 4 (16).

Africa, South-West: Indian settlers in, position of, E. (S.C.), 4 (6).

Air Communications (Imperial)—

Airship development, cost of: Mr. Ashbolt's proposal: Expert Committee recommended: Course of experiments suggested: Value of air communication in Empire government: Relative expenses of airships and aeroplanes: Resolution withdrawn: New draft to be submitted, E. (S.C.), 2 (10-18).
Proposed expert Committee be appointed to consider (1). Mr. Massey supports appointment (5) and Colonel Mentz (6). Personnel of Committee (9). Airship communication with Australia: Possibility of a regular service (2). Present development in airship, communication (3). Expenditure (4). Resolution appointing Committee (9), E. (S.C.), 5.
Report of Committee (2). Probable progress in one-year and two-year period (3, 4). Special flights to Australia (4). Capacity of airships: Revenue from airship service: Aeroplanes (5). Private enterprise for airship services (6). Submission of the Report to the Main Conference recommended (7, 8). Publication of Report (7). Canada not included in scheme: Position of India (8). Need of a practical scheme (9), E. (S.C.), 7.

Air Force: Canadian casualties not shown, E. (R.), 1 (17).

Airship Service: Revenue from: Capacity of airships (5). Private enterprise (6), E. (S.C.), 7.

Armies of Occupation—

Cost of; outside the total amount of Reparation (£6,300,000,000) for the Allies, E. (R.), 1 (4).
 Dominion reparation claims: Position of Australia: Sir R. Horne's proposal that Great Britain should bear part of Dominion's loss accepted, E. (R.), 2 (8-11).

Australia—

Aborigines in, E. (S.C.), 4 (11).
 Airship communication with, E. (S.C.), 5 (2).
 Airship flights to, E. (S.C.), 7 (4).
 Armies of Occupation, share of cost of: Reparation proportion, E. (R.), 2 (8-11).
 Imperial Wireless Scheme: Question of direct communication, E. (S.C.), 3 (5). Recommendations of Wireless Telegraph Committee as regards, E. (S.C.), 3 (17).
 Indians in, status of, E. (S.C.), 4 (9).
 Land settlement for disabled men, E. (R.), 1 (11).
 Pensions proportion: Basis suggested, E. (R.), 1 (4). Mr. Hughes differs as to method of computation: Australian figures, E. (R.), 1 (5).
 Shipping losses: Claim in respect of ex-enemy shipping: Share of German shipping now being handed over comes out of Reparation claim. 2 (12-14). Value of ex-enemy shipping detained, E. (R.), 2 (16).
 Shipping services to, development of, E. (S.C.), 3 (31).

C.

Cable rates for press messages: Delay in communications, E. (S.C.), 2 (20-22). Resolution passed, E. (S.C.), 6 (12).

Canada—

Armies of Occupation, share of cost of, E. (R.), 2 (10).
 Imperial air communications, not included in scheme, E. (S.C.), 7 (8).
 Imperial Wireless Scheme, position of, E. (S.C.), 3 (12).
 Indian settlers in, position of, E. (S.C.), 4 (15).
 Pensions proportion: Basis suggested, E. (R.), 1 (4). Error in records of Canadian Pensions Office, E. (R.), 1 (8). Principle governing distribution, E. (R.), 1 (10). Injustice to, E. (R.), 1 (17). Position of Air Force, E. (R.), 1 (17). Mr. Meighen refuses to accept Table 2 (capital liability incurred), E. (R.), 1 (18). Fixed pensions: Capital value, £12,300,000, E. (R.), 2 (8).
 Territorial acquisitions; not received by: Position of other Dominions, E. (R.), 1 (10).

Casualties: Proportion in respect of Pensions: United Kingdom and Dominions, E. (R.), 1 (8). Casualty basis compared, E. (R.), 1 (12). Offer to adopt casualty basis, E. (R.), 1 (12). Dominion losses, E. (R.), 1 (13). Disease as casualty: Malarial fever cases, E. (R.), 1 (14). Injustice to Canada, E. (R.), 1 (17). Mr. Meighen refuses to accept Table 2, E. (R.), 1 (18).

Children: Nationality of, born abroad of British parents: Resolution agreed, E. (S.C.), 6 (11).

Committee, Expert: Proposed appointment of, to report on air communications (1). Mr. Massey supports appointment (5) and Colonel Mentz (6). Personnel (9). Resolution appointing Committee (9), E. (S.C.), 5.

D.

Disabled men: Proportion in United Kingdom and Dominions: Figures in respect of apportionment of pensions, E. (R.), 1 (9). Forms of assessment other than in pensions: Land settlement: Loans, E. (R.), 1 (11). Canada spends £33,000,000 in loans—not pensions, E. (R.), 1 (11).

Disease as casualty in respect of pensions, E. (R.), 1 (14, 15).

Dominions—

Proportion of reparation payments: Pensions apportionment: method explained by Sir R. Horne: Basis suggested: Casualty and liability basis compared: Land settlement: Disabled men (*see under Pensions*), E. (R.), 1.
 Reparation proportion: Further discussion: Table of percentages as agreed upon, E. (R.), 2 (16).

Drafting Committee: Report of the proceedings of the Imperial Conference for publication: Discussion on, E. (D.), 1, 2.

E.

Empire: Reparation claims: Amount for distribution: Pensions apportionment: Casualty and liability basis compared, E. (R.), 1.

Empire Patents: Conference of representatives of Patent Offices of His Majesty's Dominions appointed to consider, E. (S.C.), 6 (12).

Empire Settlement and Migration: Recommendations set out in Report of Sub-Committee approved: Qualification desired by South Africa: Position of other Dominions: Discussion on the wording of the resolution: Labour conditions of South Africa: Amendment to resolution, E. (S.C.), 2 (2-10).

Expert Committee recommended, to study the question of air communications, E. (S.C.), 2 (12-14).

F.

Fiji: Indian settlers in, position of, E. (S.C.), 4 (14).

H.

Halifax: Collision of a ship carrying T.N.T. with another ship; question of reparation claim, E. (R.), 2 (11, 12).

I.

Imperial Conference—

Draft report of the proceedings of, for publication: Discussion on, E. (D.), 1, 2.

Imperial Institute: British Empire: Mr. Hughes and Mr. Massey willing to support, E. (S.C.), 2 (2, 3).

India—

Imperial air communications, position of, E. (S.C.), 7 (8).

Imperial Wireless Scheme, position of, E. (S.C.), 3 (10).

Pensions proportion: Adjustment on basis suggested, E. (R.), 1 (5, 8). Actual capital liability E. (R.), 1 (16). Danger of political difficulties, E. (R.), 1 (18).

Reparation, proportion of: Cost of Army of Occupation: Pensions should be increased: Separate settlement with Great Britain suggested, E. (R.), 2 (6, 15, 16).

Indians: Position of, in the Dominions: Situation in Natal: Commission of Enquiry in 1919 (2). Political systems in South Africa: Indian question (3). Native community (4). Indian position deteriorating (5). Position of South-West Africa (6). South African Law of 1919: Status of Indians (7, 9). Recognition of principle of equality (8, 9, 11). Numbers of Indians in South Africa (8). Aborigines in Australia (11-13). Position in New Zealand, Fiji and Canada (14, 15). Differences of the situation in the various Dominions (15). Recent history in South Africa (16). Difficulties of a unanimous resolution (17). Political situation in South Africa precludes adoption of the resolution (18). Form of Report to the Main Conference (19, 20), E. (S.C.), 4.

L.

Land Settlement of ex-Service men, not included in basis for Dominions proportion in regard to soldiers' pensions, E. (R.), 1 (3, 5, 6). Case for inclusion, E. (R.), 1 (6). Position of Australia, E. (R.), 1 (12).

Liability basis in respect of pensions proportion compared with casualty basis, E. (R.), 1 (11-21). Table 2 accepted by all except Mr. Meighen, E. (R.), 1 (18).

Loans to disabled men, E. (R.), 1 (11).

M.

Malarial Fever cases as casualties for pensions, E. (R.), 1 (14, 15).

Marconi Monopoly: Opposition to, E. (S.C.), 6 (7).

N.

Natal: Indian settlers in, position of, E. (S.C.), 4 (2).

Nationality of children born abroad of British parents: Resolution agreed, E. (S.C.), 6 (11).

New Hebrides: Condominium in: Letter from Mr. John Hannitin to Mr. Hughes on the sale of the properties in the New Hebrides, E. (S.C.), 1, Appendix. Mr. Hughes on the present position, E. (S.C.), 1.

New Zealand—

Armies of Occupation, share of cost of: Reparation proportion, E. (R.), 2 (8-10).

Indian settlers in, position of (14). Question of the Maoris (15), E. (S.C.), 4.

Pensions proportion; basis suggested, E. (R.), 1 (5). Casualties and disabled men; proportion compared, E. (R.), 1 (13, 14).

P.

Patents. (*See under Empire.*)

Pensions—

Definition of, in relation to land settlement, &c., Mr. Hughes on, E. (R.), 1 (3, 5, 6, 12).

Empire proportion of reparation payments by Germany: Total amount £900,000,000: Methods of apportioning Dominion claims: French scale the basis of calculation: Basis of proportion of each part of the Empire to the other: Accuracy of figures submitted by Sir R. Horne questioned: Casualties proportion of the United Kingdom and the Dominions: Principles governing distribution: Liability basis: Disabled men: Forms of assessment other than in pensions are being made in Dominions: Loans: Land settlement: Offer to adopt casualty basis: Liability and casualty basis compared: Disease as casualty: Malarial fever cases: Position of India: Table 2 (capital liability incurred) acceptable to all present, excepting Mr. Meighen, E. (R.), 1.

Proposed division of reparation shares: Australian claims on the casualty basis: Mr. Massey prepared to accept the Treaty basis: Sir T. Smartt suggests capitalised pensions: Mr. Meighen prefers casualty basis to capitalised pensions: Position of India and increased pensions: Separate settlement with Great Britain suggested: Table of reparation percentages as agreed upon, E. (R.), 2.

Press: Draft Report of the proceedings of the Imperial Conference for publication: Discussion on, E. (D.), 1, 2.

Press cable and wireless rates: Resolution passed, E. (S.C.), 6 (12).

Press Delegation: Resolutions of Imperial Press Conference, 1920: Press cable rates: Dominion news in British press: Need for improved communications: Delay in cables and communications: Cost of Australian messages, E. (S.C.), 2 (19-23).

Property: War losses: Reparation proportion, E. (R.), 2 (11).

Publication—

Draft Report of the proceedings of the Imperial Conference: Discussion on, E. (D.), 1, 2.

Report of Imperial Air Communications Committee recommended, E. (S.C.), 7 (7).

R.

Racial Equality: Recognition of principle of, Mr. Sastri presses for, E. (S.C.), 4 (8). General Smuts on, E. (S.C.), (4) 9. Mr. Hughes recommends recognition, E. (S.C.), 4 (11).

Radio Research Board, E. (S.C.), 6 (8).

Reparation—

Empire proportion: Empire total claims, £1,600,000,000; total awarded, £1,452,000,000 (22 per cent. of the total amount for the Allies), E. (R.), 1 (2-4).

Germany's payments up to date: £50,000,000 in gold, or the equivalent: Priority claims, E. (R.), 1 (20).

Pensions: Empire proportion: Total amount asked for, £900,000,000: Basis of apportionment: Casualty and liability basis compared (*see under Pensions*), E. (R.), 1.

Proportion distribution: Impossibility of scientific valuation: Inaccuracy of the 22 per cent.: Sir R. Horne's suggestions: Document, "Distribution of British Empire Reparation Receipts," handed around, App. I. Proposed division of shares: Claims of Australia on the casualty basis: Mr. Massey prepared to accept the Treaty basis: Sir T. Smartt suggests capitalised pensions (4). Mr. Meighen prefers the casualty basis to capitalised pensions (5). Cost of Armies of Occupation; Sir R. Horne's proposals accepted (6-10). Suggested basis for all remaining items (11). Shipping hull losses; calculation based on the Port of Registry, (11). Australian losses (12). Claims in respect of ex-enemy shipping: Ships detained in Dominion ports: Share of German shipping now being handed over comes out of reparation claim on present value (12-15). India: Position with regard to Army of Occupation and Pensions (15). Table of percentages as agreed upon (16), E. (R.), 2.

Revenue from airship service, E. (S.C.), 7 (5).

S.

Shipping—

Australian losses: Reparation claims: Claim in respect of ex-enemy shipping, E. (R.), 2 (12-15).

Dominion losses and proportion of reparation: Calculation based on the Port of Registry, E. (R.), 2 (11). Cargoes, E. (R.), 2 (11).

Ex-enemy: Dominion claims: Ships detained in ports: Share of German shipping now being handed over, E. (R.), 2 (12-15). Value of ex-enemy shipping detained, E. (R.), 2 (16). Distribution of three ships, E. (R.), 2 (16).

Shipping Committee (Imperial): Work of: Question of publishing a shipping tariff: Development of Australian service: Resolutions adopted, E. (S.C.), 3 (27, 30-32).

Shipping Communications: Need for improved means of communications: Rebates: Work of Imperial Shipping Committee: Question of publishing a shipping tariff: Development of the Australian service: Resolutions adopted, E. (S.C.), 3 (26-33).

T.

Telephony. (*See under Wireless.*)

Territorial Acquisitions: Canada alone has not received: Position of other Dominions: Principle governing distribution of reparation: Mr. Meighen's views, E. (R.), 1 (10).

U.

United States: Imperial Wireless Scheme, development of, E. (S.C.), 3 (17).

W.

Wireless Rates: Press cable and: Resolution passed, E. (S.C.), 6 (12).

Wireless Scheme (Imperial)—

Statement by Sir Henry Norman on the Report of the Imperial Wireless Telegraph Committee: Difficulty of long-range wireless: Thermionic valve: Relay system: Direct communication to Australia: Cost of scheme: Differences of wireless systems: Position of India: Situation of Canada: Development in America: Recommendations of Telegraph Committee as regards Australia: Date when scheme likely to be working: Position of South Africa as regards the scheme: Criticisms on scheme: Progress in other countries: Resolution passed, E. (S.C.), 3 (2-25).

Stations: Experiments conducted to evolve: Tenders, cost of: Difficulties with very large stations: System of control: Reasons for Imperial chain: Range of stations: Comparison between Bordeaux station and Imperial stations: Delay in construction in England and Egypt: Possibility of 6,000-mile stations: Difficulties in the designs: Resolution passed, E. (S.C.), 3 (2-25).

Wireless Telephony: Imperial wireless stations suitable for telephony: Objections to long-range (2). Technical disadvantages (3). Range of wireless telephony (4). Possibility of a secret form: Speed of communications (6). Opposition to Marconi monopoly: Need for progress (7). Radio Research Board (8). Terms of the resolution (11), E. (S.C.), 6.

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